

Supreme Court, U. S.

E I L E D

DEC 29 1977

MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1977.

No. 77-935

HELENE CURTIS INDUSTRIES, INC.,

Petitioner,

vs.

CHURCH & DWIGHT CO., INC., and
ALLIED CHEMICAL CORPORATION,

Respondents.

CHURCH & DWIGHT CO., INC.,

Respondent,

vs.

HELENE CURTIS INDUSTRIES, INC., and
N. W. AYER & SON, INCORPORATED,

Petitioners.

(Consolidated Causes)

**APPENDIX OF PETITIONER,
HELENE CURTIS INDUSTRIES, INC.**

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In the United States Court of Appeals For the Seventh Circuit

No. 77-1138

HELENE CURTIS INDUSTRIES, INC.

Plaintiff-Appellant,

v.

CHURCH & DWIGHT CO., INC., and
ALLIED CHEMICAL CORPORATION,

Defendants-Appellees.

CHURCH & DWIGHT CO., INC.,

Plaintiff-Appellee,

v.

HELENE CURTIS INDUSTRIES, INC.,
and N.W. AYER & SON, INCORPORATED
d/b/a N.W. AYER ABH INTERNATIONAL,

Defendants-Appellants.

Appeal from the United States District Court for the
Northern District of Illinois, Eastern Division.
Nos. 76 C 2235 and 76 C 4398—Frank J. McGarr, Judge.

ARGUED APRIL 4, 1977—DECIDED AUGUST 17, 1977

Before BAUER and WOOD, Circuit Judges, and
JAMESON,* Senior District Judge.

* The Honorable William J. Jameson, United States Senior
District Judge for the District of Montana, is sitting by
designation.

JAMESON, *Senior District Judge*: Helene Curtis Industries, Inc. (Curtis) has appealed from a preliminary injunction order enjoining it from using the words "Arm in Arm" or any combination of words including Arm in Arm "as part of any trademark, brand name or other product or commercial identification in connection with the sale, offering for sale, distribution, advertising or promotion of any deodorant or antiperspirant product". The injunction arises from a suit brought by Church & Dwight Co., Inc. (Church & Dwight) charging Curtis with trademark infringement and unfair competition. Curtis counterclaimed, charging Church & Dwight with violation of the antitrust laws in attempting to monopolize the sale of products containing baking soda. Curtis subsequently filed a separate antitrust action, and the two cases were consolidated. Curtis contends that the evidence was insufficient to support the injunction and that it was unfairly precluded from establishing its antitrust counterclaims by a court order staying discovery on that issue. We affirm the order of the district court.

Factual Background

Church & Dwight is a Delaware corporation which, under its registered trademark Arm & Hammer, has advertised and sold baking soda to the public for over 100 years. It also sells other household and personal care products under the Arm & Hammer trademark, including laundry detergent, washing soda, borax, oven cleaner and personal deodorant. Curtis is an Illinois corporation which sells various personal care products, including Arm in Arm deodorant with baking soda.

Based on an idea derived from Arm & Hammer television commercials, Curtis developed and began test-marketing Arm in Arm with Baking Soda deodorant in three cities on April 28, 1975. In early May, 1975, the initial marketing of the Curtis deodorant came to the attention of Church & Dwight, which was preparing for the marketing of its own baking soda deodorant under

the Arm & Hammer trademark.¹ Church & Dwight immediately protested to Curtis against Curtis' use of the Arm in Arm brand name and packaging.² Following Curtis' rejection of its protests, Church & Dwight on May 16, 1975, commenced this action against Curtis in the United States District Court in Rochester, New York.

Curtis answered on July 3, 1975, asserting an affirmative defense and counterclaim predicated on allegations that Church had attempted to monopolize the sale of products containing baking soda. On August 27, 1975, Church & Dwight moved, pursuant to F.R.Civ.P. 42(b), for a separation for trial of the antitrust issues raised by the answer and counterclaim from the trademark issues raised in its complaint. Following a hearing on the motion September 22, 1975, the New York district court on February 25, 1976, entered an order separating trial of the antitrust and trademark issues and staying all proceedings on the antitrust issues pending resolution of the trademark issues. On April 15, 1976, the Court denied Curtis' motion for certification under 28 U.S.C. § 1292(b).

Despite the pendency of the lawsuit, in July, 1975, Curtis expanded from the three-city test to national marketing of Arm in Arm, reaching national distribution in October, 1975. Curtis' decision to expand its marketing program was announced by its division president, who stated:

"As you probably heard, about six weeks ago, Arm and Hammer entered a suit against us in an effort to slow us down with our introduction."

* * * *

"... We are going ahead faster than ever before. We are so unconcerned with the suit that we are ready to offer a letter of indemnity to any account

¹ Church & Dwight began selling its deodorant in late June and early July, 1975, reaching national distribution in October, 1975.

² Arm in Arm deodorant packaging employed a yellow and red color combination similar to that used on Arm & Hammer Baking Soda.

who wants it. As far as you are concerned, you need have no worry or fear regarding this at all." (Finding of Fact 52)

In April, 1976, Curtis further expanded the Arm in Arm line with the introduction of a roll-on deodorant, nationally advertised and distributed in June, 1976.

On June 10, 1976, Church & Dwight filed a motion for preliminary injunction. On June 15, 1976, Curtis filed a petition seeking a writ of mandamus directing the district court to vacate its Rule 42(b) order. The petition was dismissed by the Court of Appeals for the Second Circuit on July 8, 1976.

On June 16, 1976, Curtis filed an antitrust action against Church & Dwight in the court below, repeating the allegations made in its answer and counterclaim in the New York action as well as adding several new ones. On the same date Curtis filed a motion to transfer the New York action to Illinois pursuant to 28 U.S.C. § 1404(a). The New York court granted the motion on November 17, 1976, and the case, together with the undecided motion for preliminary injunction, was transferred to Chicago. Upon learning of the Rule 42(b) order, the Illinois district court stayed the antitrust action filed by Curtis. Curtis then moved to vacate the Rule 42(b) order; the motion is still pending.

On January 24, 1977, the district court entered its Preliminary Injunction Order against Curtis, to become effective on April 1, 1977. The order was accompanied by detailed findings of fact³ and conclusions of law. The court concluded, *inter alia*:

In view of the irreparable injury that will be suffered by plaintiff if defendant's trademark infringement and unfair competition are not immediately enjoined, the lack of dispute as to the basic facts, and the showing of the probable right of both plaintiff and the public under the law to relief against

³ These findings will be discussed *infra* in connection with the contentions of the parties.

continuation of defendant Curtis' misleading, confusing and deceptive acts, injunctive relief *pendente lite* should be granted.

Curtis filed a notice of appeal on January 27, 1977. On February 11, 1977 this court stayed the preliminary injunction until further order of this court.

Propriety of Preliminary Injunction

The decision to grant or deny a preliminary injunction "depends upon a balancing of several factors, including the likelihood of success on the merits, the lack of adequate remedy at law, the lack of irreparable harm if the injunction is not issued and a comparison of the relative hardships imposed on the parties". *Banks v. Trainor*, 525 F.2d 837, 841 (7 Cir. 1975). "In reviewing the district court's assessment of these factors, the Court of Appeals should not substitute its judgment for that of the lower court unless it is convinced that the district court abused its discretion." *Washington v. Walker*, 529 F.2d 1062, 1065 (7 Cir. 1976), citing, *inter alia*, *Banks v. Trainor*, *supra* at 841. We shall consider in turn each of the factors to be weighed in determining the propriety of the injunction.

(1) Likelihood of Success on the Merits

Under the Federal Trademark Statute (the Lanham Act), the test of liability for infringement is whether the infringer's "use is likely to cause confusion, or to cause mistake, or to deceive. . . ." 15 U.S.C. § 1114(1). This court has recognized that:

A third party, the consuming public, is present and its interests are paramount. Hence infringement is found when the evidence indicates a likelihood of confusion, deception or mistake on the part of the consuming public. *James Burrough Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 274 (7 Cir. 1976).

In determining "likelihood of confusion, several factors are important: the degree of similarity between the marks in appearance and suggestion; the similarity of

the products for which the name is used; the area and manner of concurrent use; the degree of care likely to be exercised by consumers; the strength of the complainant's mark; actual confusion; and an intent on the part of the alleged infringer to palm off his products as those of another". *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena*, 433 F.2d 686, 705 (2 Cir. 1970), *cert. denied*, 403 U.S. 905 (1971).

The district court's findings of fact reveal numerous factors showing a likelihood of public confusion of the Arm in Arm trademark with that of Arm & Hammer. Arm in Arm employs packaging with a cream yellow background, similar to that used on Arm & Hammer Baking Soda packages, which was chosen because "the cream background packages are most suggestive of baking soda, the unique ingredient in Arm in Arm". (Finding 23.) In questionnaires used in Curtis' initial marketing research, numerous persons stated that the Arm in Arm packaging reminded them of "the yellow background design of the Baking Soda package (Arm & Hammer)". (Finding 24.) On the basis of its marketing research, Curtis concluded on February 7, 1975, that "The name Arm in Arm is a very acceptable name for the test product. The name readily produces such images as: * * * Arm and Hammer Baking Soda." (Finding 22.)

Additionally, the district court detailed multiple examples of actual public confusion. While the test of infringement is the likelihood of confusion, which can be proven without any evidence of actual confusion, such evidence, if available, is entitled to substantial weight. *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 612 (7 Cir. 1965). Curtis' data compiled from tests of consumer reactions to Arm in Arm television commercials revealed numerous examples of actual confusion. In one survey of three Arm in Arm commercials, 290 out of 998 consumers interviewed who saw the commercials thought Arm in Arm was made by Arm & Hammer while only 276 believed it was made by Curtis. (Finding 46.) Church & Dwight submitted, in conjunction with its motion for preliminary injunction, 39 letters received

from consumers who thought it manufactured Arm in Arm deodorant. Church & Dwight also submitted 93 communications from 82 different retailers and clearing houses received from January 21, 1976 through June 8, 1976, tendering Arm in Arm consumer discount coupons for payment in the mistaken belief that Church & Dwight was the manufacturer of the product. (Finding 50.)

The court found that "Curtis purposefully chose a confusingly similar and infringing trademark for the reason that Arm in Arm readily produces in consumers' minds the image of Arm & Hammer Baking Soda". (Finding 67.) Curtis' continuation and expansion of its Arm in Arm marketing activities, in spite of evidence of confusion revealed by its own research, made clear that "Curtis intended to derive benefit from confusion caused by Arm in Arm to take advantage of goodwill previously established by plaintiff for its Arm & Hammer products". (Finding 68.)

From these findings,⁴ we must conclude, as did the district court, that Church & Dwight is likely to succeed on the merits of its infringement claim. The evidence clearly establishes a likelihood of public confusion as to the source of origin of Arm in Arm deodorant, which is the "keystone" for injunctive relief. *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena*, *supra*, 433 F.2d at 705.

Curtis, however, raises several legal defenses to the trademark infringement claim which it argues are sufficient to preclude the granting of a preliminary injunction. While not actually challenging the findings of a likelihood of confusion, Curtis contends that there is no evidence to show the cause of the confusion. Curtis argues that any confusion which may be shown is caused not by its selection of the Arm in Arm trademark, but by Church & Dwight's misuse of its Arm & Hammer trademark in violation of the antitrust laws. However, as will be discussed in greater detail *infra*, Curtis' an-

⁴ While Curtis challenges these findings as "clearly erroneous", it makes no argument in support of its contention. In any case, we find no basis in the record for the assertion.

titrust claims are remote and ill-founded. It is clear from the record that public confusion is the result of Curtis' choice of a trademark infringingly similar to Arm & Hammer.

Curtis next contends that it cannot be found to be an infringer because it was the first user of a trademark employing the word "arm" in the area of deodorants, and there was no showing that the deodorant market was a "natural area of expansion" for Church & Dwight's trademark. It is well settled, however, that a trademark is entitled to protection against infringement by adverse trademarks, even on noncompetitive products, if there is a likelihood that consumers will believe that the later mark is "related to or connected with" the existing trademark. *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 153 (9 Cir. 1963). As this court stated in *California Fruit Growers Exchange v. Windsor Beverages, Ltd.*, 118 F.2d 149, 152-153 (7 Cir. 1941): "[I]t is now settled in this country that a trade-mark protects the owner against not only its use upon the articles to which he has applied it but also upon such other articles as might naturally or reasonably be supposed to come from him." Curtis' defenses of first use and natural area of expansion are inapplicable in the factual context of this case. Moreover, Curtis' reliance on the natural area of expansion defense is misplaced in light of the district court's findings that "[f]or more than 50 years plaintiff and its predecessors have advertised and promoted Arm & Hammer Baking Soda for use as a deodorant and for other purposes which utilize the product's deodorizing properties". (Finding 14.) See *Fuller Products Co. v. Fuller Brush Co.*, 299 F.2d 772 (7 Cir. 1962).

Curtis also contends that it selected its Arm in Arm trademark in good faith, stating that it was chosen because it prompts images of a young man and woman "going together" and is likely to remind prospective purchasers of a product for underarm use. This equitable argument is contrary to the district court's finding, which is amply supported by the record, that Curtis "purposefully chose a confusingly similar and infringing trademark". (Finding 67.)

Finally, Curtis argues that the trademark Arm & Hammer has become generic to baking soda and is no longer entitled to trademark protection.⁵ "A mark is not generic merely because it has some significance to the public as an indication of the nature or class of an article. * * * In order to become generic the principal significance of the word must be its indication of the nature or class of an article, rather than an indication of its origin." *Feathercombs, Inc. v. Solo Products Corp.*, 306 F.2d 251, 256 (2 Cir. 1962), cert. denied, 371 U.S. 910 (1962); accord, *Gibson, Trademark Protection and Practice*, § 2.02[1] at 2-11 to 2-14 (1976). The record does not reveal that the trademark Arm & Hammer has become the generic name for baking soda, but merely shows that the trademark strongly identifies the manufacturer of baking soda products. Compare *Bayer Co., Inc. v. United Drug Co.*, 272 F. 505 (S.D.N.Y. 1921) (aspirin found to be the generic name for acetyl salicylic acid) and *King-Seeley Thermos Co. v. Aladdin Industries, Inc.*, 321 F.2d 577 (2 Cir. 1963) (thermos found to be the generic name for vacuum bottle). As noted by appellee, Arm & Hammer refers to a variety of products including laundry detergent, oven cleaner, deodorant, borax and baking soda. We conclude from the record that Arm & Hammer, while being closely associated with baking soda, has not become its generic name. Cf. *Enders Razor Co. v. Christy Co.*, 85 F.2d 195 (6 Cir. 1936).

We conclude that the defenses asserted by Curtis are insufficient to negate the likelihood of Church & Dwight prevailing on the merits at trial.

(2) Inadequate Remedy at Law

While this factor was not addressed by the parties, it was considered by the court in its finding that "Defendant Curtis' use of Arm in Arm is causing injury to the Arm & Hammer trademark of a sort that cannot be accurately measured or adequately compensated in money damages". (Finding 59.)

⁵ 15 U.S.C. § 1064(c) provides for cancellation of a trademark registration "if the registered mark becomes the common descriptive name of an article. . . ."

(3) Irreparable Injury

The district court found that "Defendant Curtis' use of Arm in Arm in connection with its marketing of Baking Soda deodorant products is likely to dilute and diminish the distinctive quality of the Arm & Hammer trademarks. . . ." (Finding 61) and that "Plaintiff is suffering irreparable injury as a result of defendant Curtis' use of the trademark Arm in Arm." (Finding 62.) Curtis contends that these findings are not adequately supported by the record and that there was no showing of irreparable injury.

Church & Dwight contends that it has lost over six million dollars on its Arm & Hammer deodorant since its introduction, making it "barely viable" in the antiperspirant market. Moreover, the damage to the goodwill and prominence of the Arm & Hammer trademark through public confusion of it with the Arm in Arm trademark is, in itself, an irreparable injury. As stated by the Second Circuit in *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195 (1971):

Where there is, then, such high probability of confusion, injury irreparable in the sense that it may not be fully compensable in damages almost inevitably follows. While an injured plaintiff would be entitled to recover the profits on the infringing items, this is often difficult to determine; moreover, a defendant may have failed to earn profits because of the poor quality of its product or its own inefficiency. Indeed, confusion may cause purchasers to refrain from buying either product and to turn to those of other competitors.

We conclude that a sufficient showing of irreparable injury to Church & Dwight is made on the record.

(4) Relative Hardship of the Parties

Curtis contends that it will be severely injured if the preliminary injunction is upheld since it has invested a great deal of money in advertising and has over one million dollars in inventory. Further, Curtis will lose its Arm in Arm trademark for all time.

These arguments merit little equitable consideration in light of Curtis' willful use of an infringing trademark. As the court in *Colgate-Palmolive Co. v. North American Chemical Corp.*, 238 F.Supp. 81, 87 (S.D.N.Y. 1964), stated:

[T]he courts will not shy away from issuing such [preliminary injunctive] relief where to do so would be to aid a second comer who has sought to trade upon the efforts and good will of the first comer. As the Court of Appeals for this Circuit expressed the point thirty years ago: "Advantages built upon a deliberately plagiarized make-up do not seem to us to give the borrower any standing to complain that his vested interests will be disturbed." *M-T Fine Corp. v. Samuels*, 69 F.2d 76, 78 (2d Cir. 1934).

The *Colgate-Palmolive* court continued:

. . . The difficulty is enhanced by the fact that defendant continued and indeed expanded its conduct after notice from plaintiff at a time when defendant could reasonably have minimized its efforts and expenses and when no good will of major value had attached to its activities.

The same situation is present here. Curtis deliberately proceeded with its marketing plans, after being notified by Church & Dwight that Curtis was infringing the Arm & Hammer trademark, in an attempt to "preempt the baking soda idea" and thereby "carve out a \$10 million a year share of the deodorant market 'before competition has a chance to react'." (Finding 36.) This notice was received by Curtis in the early stages of its test-making program before any "good will of major value had attached to its activities". Curtis not only ignored these early warnings, but increased its promotion of Arm in Arm deodorant after entry of the district court's preliminary injunction order. As noted *supra*, the order was entered January 24, 1977, but was not to become effective until April 1, 1977.⁶ In spite of the

⁶ The effective date of the injunction was delayed as an accommodation to Curtis to give it time to develop a new name and the artwork and labeling to accompany it, and to allow it to complete newspaper and magazine advertisements and promotional programs, to which Curtis was irrevocably committed.

court's instruction not to "continue to promote this product", Curtis on January 27, 1977 initiated a new "one free with one" promotion, offering Arm in Arm products at 50% discount. Upon a Rule to Show Cause why Curtis should not be held in contempt of the preliminary injunction, the court found that the new promotion "in fact violates the spirit of the order", but nonetheless vacated the Rule to Show Cause because of an ambiguity as to the injunction's effective date.⁷

Curtis deliberately proceeded with the marketing and promotion of its deodorant under the Arm in Arm trademark in spite of warnings that the mark was infringing and in spite of an injunctive order and agreement to the contrary. In doing so, it proceeded at its own risk and cannot now be heard to complain that it will be severely injured if the preliminary injunction is upheld. We conclude that the injury to Church & Dwight caused by Curtis' continuing use of the Arm in Arm trademark far outweighs any injury to Curtis, which is largely the result of Curtis' own conduct, flowing from an injunction prohibiting use of the trademark.

(5) Laches

Church & Dwight filed its motion for preliminary injunction nearly thirteen months after filing its complaint. Curtis contends that entry of the injunction should have been barred by laches, and that the court's findings on this point are erroneous. Curtis argued that it was "mousetrapped" by Church & Dwight's delay and its "initial willingness to wait to let this matter be decided after a full trial by a jury".

⁷ At the hearing the district court noted the probable reason for Curtis' conduct.

"[A]s I commented to the last witness, the statement in the affidavit, in order to continue the level of sales, is a rather revealing condition, it suggests that Helene Curtis somehow felt that they had some right, despite the finding of infringement and unfair competition, to maintain the level of sales until they could get to the Court of Appeals or get the order somehow reversed—a reasonable and fair expectation in terms of their own attitude, but not one that was valid during the pendency of the injunctive order."

Church & Dwight contends that it diligently pursued enforcement of its rights and filed the motion for preliminary injunction promptly after obtaining documents through discovery, resisted by Curtis, revealing Curtis' intent to trade on the goodwill of Arm & Hammer and data showing the confusion caused by use of the Arm in Arm trademark.

It is clear that "mere passage of time cannot constitute laches". *Friend v. H. A. Friend and Company*, 416 F.2d 526, 533 (9 Cir. 1969). "A district court in its discretion, however, may find laches if the passing of time can be shown to have lulled the plaintiff into a false sense of security, and the defendant acts in reliance thereon". *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena, supra*, 433 F.2d at 704.

In this case, the district court found that Curtis expanded its marketing activities for Arm and Arm from its initial three-city test to a national scale "in defiance of plaintiff's protests and with knowledge of the confusion" caused by Arm in Arm. The court concluded: "Defendant Curtis cannot contend that any expenditures in connection with such expansion were made in reliance on plaintiff's failure to advise Curtis that plaintiff's rights in the Arm & Hammer trademark were being violated." (Finding 52.) The court also found that "[A]t the outset of the case, the short time and limited scope of Arm in Arm sales had not been sufficient to develop the evidence of actual confusion presented to the court on this motion."⁸ (Finding 51.)

We must agree with the district court's finding that "There has been no laches that would preclude plaintiff from obtaining preliminary injunctive relief" (Finding 55) and its conclusion that "The defense of laches affords no justification for defendant Curtis' continuing deceptive conduct". (Conclusion of Law 3.) There is no

⁸ Church & Dwight's efforts to compile the information supportive of its motion were resisted by Curtis, as found by the court:

"Defendants Curtis and Ayer have not been prompt in responding to plaintiff's efforts to obtain evidence of confusion recorded in Curtis' marketing research data."

evidence that Curtis was lulled into a false sense of security or that it acted in reliance on the delay of Church & Dwight. To the contrary, the record shows that Curtis acted with knowledge of the probable consequences.

Overall, we conclude that the preliminary injunction was properly entered in the sound discretion of the district court.

Rule 42(b) Order

Curtis challenges as clearly erroneous Conclusion of Law 4 which reads:

"None of the evidence before the court shows that confusion involving Arm In Arm and Arm & Hammer has been caused or is likely to be caused by any monopolization or attempted monopolization by plaintiff of Baking Soda or products containing Baking Soda."

Curtis contends that it was unfairly and erroneously precluded from establishing its antitrust defense by the New York district court's order, rendered pursuant to F.R.Civ.P. 42(b), which provided "that there shall be a separate trial of the issues raised by the defendant's affirmative defense and counter claims after the trial of the issues raised by the complaint. All proceedings including discovery on the issues raised by defendant's affirmative defense and counter claims are stayed until the issues raised by the complaint have been tried and decided."⁹

Curtis argues that the misuse of a trademark in violation of antitrust laws is a complete defense to a trademark infringement suit, and that Church & Dwight's "antitrust violations in the consumer market for baking soda have converted its trademark Arm & Hammer into a powerful anti-competitive device". It is further argued that the severance order deprived Curtis

⁹ As stated *supra*, the affirmative defense and counterclaims of Curtis were based on alleged antitrust violations flowing from abusive use of the Arm & Hammer trademark.

of an important defense, thereby depriving it of due process of law, and that Curtis was denied its right to trial by jury. Church & Dwight replies that the Rule 42(b) order is not before the court on this appeal and that, in any case, antitrust violations are not a general defense to a trademark infringement claim.

It is settled that an order issued pursuant to Rule 42(b) separating issues for trial is an unappealable interlocutory order. *Travelers Indemnity Co. v. Miller Mfg. Co.*, 276 F.2d 955 (6 Cir. 1960). "Such orders are appealable only by certification and permission under 28 U.S.C. § 1292(b)",¹⁰ 9 Moore's Federal Practice ¶ 110.13[8], or if they fall within the "collateral order" doctrine established in *Cohen v. Beneficial Industrial Loan Corp.*, 337 U.S. 541, 546 (1949). *Garber v. Randell*, 477 F.2d 711, 715 (2 Cir. 1973).

It is also settled, however, that when an interlocutory appeal is taken, as from an order granting an injunction, the appellate court may consider "other orders, although interlocutory and in themselves non-appealable, and such questions as are basic to and underlie the order supporting the appeal". 9 Moore's Federal Practice ¶ 110.25[1], p. 270. But, "where an interlocutory order is properly appealed and review is sought of an incidental discretionary order, the appellate court should not review the discretionary order where there is no showing of an abuse of discretion". *Id.*, p. 272.

We find no abuse of discretion in the order entered by Judge Burke in the Western District of New York, which reads in pertinent part:

Plaintiff has demanded a jury trial of the issues raised by the complaint and answer. The trademark issues differ significantly from the antitrust issues. The witnesses, documentary proof and discovery on

¹⁰ As noted *supra*, the court denied Curtis' motion for certification of an order for an appeal pursuant to 28 U.S.C. § 1292(b), whereupon Curtis sought mandamus in the Court of Appeals for the Second Circuit, which was denied. Curtis' petition for certiorari was dismissed by the Supreme Court, pursuant to its Rule 60, after the case was transferred to the court below.

the respective issues would be different both in character and in scope. Prior determination of the trademark issues could obviate the need for ever trying the antitrust issues.

* * *

There is no merit to defendants' contention that trying the trademark issue first, with a stay of the antitrust issues, would deprive defendants of their day in court on the antitrust defense. The antitrust defense is based on the question whether plaintiff acted in good faith in bringing this suit in asserting its trademarks against defendants and others. A separate trial of the trademark issues will afford the defendants a full opportunity to be heard on the antitrust defense. If the defendants are successful in the trial of the trademark issues in showing that the plaintiff's bad faith assertion of its trademark rights, defendants could then pursue the remaining aspects of the antitrust suit. * * *

As Judge Mansfield recognized in *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena*, 298 F.Supp. 1309, 1312 (S.D. N.Y. 1969), *aff'd*, 433 F.2d 686 (2 Cir. 1970), *cert. denied*, 403 U.S. 905 (1971), the defense of antitrust misuse is largely "available to defeat the conclusive evidentiary force that would otherwise attach to a trademark certificate under the [Lanham] Act". The defense is made applicable by § 33(b)(7) of the Act, 15 U.S.C. § 1115(b)(7), which provides in pertinent part:

"The certificate [of trademark registration] shall be conclusive evidence of the registrant's exclusive right to use * * * except when one of the following defenses or defects is established:

* * *

"(7) That the mark has been or is being used to violate the antitrust laws of the United States."

Judge Mansfield in *Zeiss* quoted at length from Representative Lanham's explanation of the Senate-House Conference Report, including the following:

"[P]roof of violation of the antitrust laws of the United States by a registrant in the use of his mark does not under this act destroy the validity of or the right of the registrant to continue to use the mark, but it places on him a burden of proof in the event of litigation which others do not have to carry, by diluting the weight the court is to give to his certificate of registration as evidence of ownership and the right to use the mark." (92 Cong. Rec. 7524) 298 F.Supp. at 1312.

Apart from the antitrust defense under § 33(b)(7), Judge Mansfield in *Zeiss* recognized the equity power of a court to deny enforcement of a trademark on the part of one who has used that trademark in violation of the antitrust laws. He recognized also that "the forces favoring exercise of such power in a trademark suit are much weaker than those calling for its exercise in patent litigation",¹¹ and that "it is significant that in almost every instance where the antitrust misuse of a trademark has been raised as a defense, it has been rejected". 298 F.Supp. at 1314.¹²

Both parties rely upon language in *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7 Cir. 1976), where, as here, the antitrust issues raised as an affirmative defense by the defendants were severed for separate trial pursuant to Rule 42(b). The court recognized that these issues were "not involved" in the appeal. In *Union Carbide*, however, the district court

¹¹ "The distinction arises from the fact that a patent represents a grant of a limited monopoly that in most instances would, absent its legalization by Congress, constitute an unlawful restraint of trade. . . . A valid trademark, on the other hand, merely enables the owner to bar others from use of the mark, as distinguished from competitive manufacture and sale of identical goods bearing another mark, or even no mark at all, since the purpose of trademark enforcement is to avoid public confusion that might result from imitation or similar unfair competitive practices rather than to authorize restraints upon trade." *Zeiss, supra*, 298 F.Supp. at 1314.

¹² Judge Burke in his order relied on these excerpts from *Zeiss*, noting that the Court of Appeals had approved the district court's rejection of the antitrust defense for the reasons set forth in Judge Mansfield's opinion.

had entered a summary judgment in favor of the defendants, finding no infringement and that the plaintiff's trademark was invalid. In reversing and remanding for trial, this court held that the trademark was valid, but concluded that "the antitrust affirmative defense was sufficiently broad as to include a claim for equitable denial of enforcement of the trademarks on the basis of their claimed use in the violation of the antitrust laws". After referring with approval to Judge Mansfield's comments in *Zeiss*, quoted *supra*, it was held that under the "posture of this case as it has reached us, we will not deny the defendants the opportunity to take up the burden of proof".

The posture of this case is significantly different. It involves a preliminary injunction and the appealability of an incidental discretionary order, rather than a final judgment determining the validity of the trademark. Moreover, "an essential element of the antitrust misuse defense in a trademark case is proof that the work itself has been the basic and fundamental vehicle required and used to accomplish the violation". *Zeiss, supra*, 298 F.Supp. at 1315; see, e.g., *Phi Delta Theta Fraternity v. J. A. Buchroeder & Co.*, 251 F.Supp. 968 (W.D. Mo. 1966). While no proof has yet been adduced by Curtis due to the order it challenges, the allegations of its affirmative defense concern marketing violations involving the baking soda market, rather than misuse of the Arm & Hammer trademark itself.¹³ The district court considered the antitrust counterclaim and concluded that the plaintiff had made a case for a preliminary injunc-

¹³ In the New York action in which Judge Burke entered the severance order, the antitrust allegations related to bad faith in bringing the action. In the action in the court below this was broadened to include monopolization of the consumer baking soda market. As Judge McGarr noted at the hearing, Curtis "could market a baking soda deodorant, advertise the baking soda aspect of it all they want, as long as they eliminate the problem that arises basically from the use of the word 'Arm'".

tion "independently of the antitrust counterclaim, and despite it".¹⁴

In light of the limited applicability and viability of antitrust defenses to trademark infringement claims and in light of the questionable legal sufficiency of Curtis' allegations of antitrust violations, we find the antitrust defense to be remote and unrelated to the issues on this appeal. We conclude that the Rule 42(b) order is not concerned with such basic and underlying issues raised on this appeal that we may consider its propriety.

In addition, this appeal was taken before the district court ruled on the motion to vacate the Rule 42(b) order. The district court will have a further opportunity to consider the propriety of the order in the light of the pleadings and this opinion. We find no abuse of discretion in the entry of the Rule 42(b) order and accordingly it is not reviewable on this appeal. There was ample evidence before the district court to warrant the issuance of the temporary injunction.

The order of the district court is affirmed.

A true Copy:

Teste:

Clerk of the United States Court of
Appeals for the Seventh Circuit

¹⁴ In responding to the antitrust argument of Curtis at the hearing, Judge McGarr said:

"I've considered that, you made that argument in the pleadings that I have, and it's my conclusion that the antitrust counterclaim and the discovery in conjunction with it and the length of time that it would take does not have sufficient merit or relevance to the present issue to warrant my barring a preliminary injunction for the many months that it would take in order to develop and try that.

"I think the case for the preliminary injunction has been made out, and I think it's been made out adequately, independently of the antitrust counterclaim, and despite it."

IN THE UNITED STATES DISTRICT COURT
For the Western District of New York

* * (Caption Omitted in Printing) * *

SECOND AMENDED AND SUPPLEMENTAL COMPLAINT

Plaintiff for its amended and supplemental complaint avers:

Jurisdiction and Venue

1. This is an action for infringement of United States registered trademarks, and for the wrongful use in commerce of false designations of origin, false descriptions and false representations, all in violation of the Lanham Trademark Act of 1946 (15 U. S. C. §§ 1114(1), 1116-1119, 1125(a)); for infringement and dilution of trademark rights under the laws of the State of New York and at common law; for unfair competition; and for trademark disparagement. Jurisdiction is based on 28 U. S. C. § 1338(a) and 15 U. S. C. § 1121 (trademark suits); 28 U. S. C. § 1338(b) and 15 U. S. C. §§ 1121, 1125(a) (unfair competition actions).

The Parties

2. Plaintiff Church & Dwight Co., Inc., is a Delaware corporation, having its principal place of business at 2 Pennsylvania Plaza, New York, New York 10001.

3. Upon information and belief, defendant Helene Curtis Industries, Inc. (hereinafter "Curtis") is an Illinois corporation having its principal place of business at 4401 West North Avenue, Chicago, Illinois 60639; Curtis has done and is doing business in this judicial district, and Curtis has sold, offered for sale, advertised and distributed in this district the "ARM IN ARM With Baking Soda" product of which complaint is made herein.

4. Upon information and belief, defendant Achter's Key Drug, Inc. (hereinafter "Key Drug") is a New York corporation having its principal place of business at 10 Beresford Road, Rochester, New York 14610.

5. Upon information and belief, defendant N. W. Ayer & Son, Incorporated (hereinafter "Ayer") is a Delaware corporation with its principal place of business at 1345 Avenue of the Americas, New York, New York 10019, and does business at N. W. Ayer ABH International. Ayer has been licensed to do business in New York since 1948; and Ayer has done and is doing business in this judicial district.

Plaintiff's Arm & Hammer

Business and Products

6. Plaintiff is a marketer of various household and personal care products, including baking soda (also known as sodium bicarbonate) and other products which use sodium bicarbonate as an important ingredient. Such products are distributed and sold throughout the United States; they have changed from time to time, and will in the future change as new products are added and others may be discontinued.

7. For more than a century plaintiff and its predecessors have extensively employed the mark Arm & Hammer for baking soda, sometimes employing the word mark Arm & Hammer alone and sometimes employing the word mark in association with the pictorial representation of an arm and hammer (herein called the "Arm & Hammer Pictorial Mark"). Plaintiff and its predecessors have extended said Arm & Hammer marks to various other household and personal care products, including washing soda, borax, laundry detergent, oven cleaner and Arm & Hammer Baking Soda spray deodorant. Plaintiff has long been preparing to market an Arm & Hammer Baking Soda spray deodorant, and plaintiff commenced nationwide

sales of its Arm & Hammer Baking Soda spray deodorant product shortly after the commencement of this action.*

8. Plaintiff has employed a color scheme in the trade dress for its packaging of a number of its Arm & Hammer products, consisting of the Arm & Hammer word mark printed in white against a red background and displayed against a yellow overall background. Such color scheme and design are additional indicia which the public associates with plaintiff and a number of its Arm & Hammer products. Plaintiff has extended said color scheme and design to the trade dress of the packaging of its Arm & Hammer Baking Soda spray deodorant, which plaintiff has been selling on a nationwide basis since shortly after the commencement of this action.

9. Plaintiff and its predecessors have advertised, promoted the sale of and sold household and personal care products under the Arm & Hammer marks throughout the United States, expending millions of dollars in such advertising and promotion, all long prior to the activity of defendants complained of herein. In the course of said Arm & Hammer advertising and sales promotion, plaintiff and its predecessors have extensively advertised and promoted the use of Arm & Hammer baking soda for various personal care and household purposes, including use as a personal deodorant and other purposes which utilize the product's deodorizing and cleansing properties.

10. As a result of the widespread use, advertising and promotion of the Arm & Hammer marks for said household and personal care products, each of the Arm & Hammer word mark and the Arm & Hammer Pictorial Mark, separately and

* [NOTE: The corresponding paragraph (§ 6) in Church & Dwight's original complaint refers to the use of the ARM & HAMMER name on baking soda, and indicates that such use has been extended to washing soda, borax, laundry detergent and oven cleaner. There was no reference to baking soda deodorant in the original complaint because there was no such product at the time of filing the original complaint in May, 1975. Helene Curtis was the first to sell such a product.]

in combination, has, since long prior to the activity of defendants complained of herein, become famous, and has acquired a distinctive meaning with the public as indicating a single source of quality products and as indicating plaintiff and its predecessors as such source.

11. Plaintiff is the owner of the following United States registrations of the ARM & HAMMER marks, and of the goodwill of the business connected with the use of and symbolized by each of the ARM & HAMMER marks of said registrations. Each of said registrations was duly and lawfully issued, and is in full force and effect (a copy of each registration is attached as an exhibit to and made part of this complaint):*

Registrations of the Arm & Hammer Word Mark

Exhibit	Reg. No.	Reg. Date	Goods
1	106,215	Oct. 19, 1915	Saleratus, bicarbonate of soda, and sal-soda
(Mark of Reg. No. 106,215 is ARM & HAMMER BRAND)			
2	106,216	Oct. 19, 1915	Saleratus, bicarbonate of soda, and sal-soda
3	258,620	July 9, 1929	Bicarbonate of soda for use as a dentifrice and a bath salt
4	501,905	Aug. 31, 1948	Sal soda, washing soda, and bicarbonate of soda (baking soda) for use as a detergent, cleaning, and washing agent
5	502,261	Sept. 21, 1948	Sal soda, washing soda, baking soda, and bicarbonate of soda
6	503,377	Oct. 26, 1948	Baking soda (bicarbonate of soda), and baking powder, each for use as an ingredient in the preparation of foods
7	740,803	Nov. 20, 1962	Borax
8	930,654	Mar. 7, 1972	Laundry detergent
9	1,021,831	Oct. 7, 1975	Oven cleaner

* [NOTE: The registrations are not attached to this appendix].

**Registrations of the Combined Arm & Hammer Word Mark
and Arm & Hammer Pictorial Mark**

Exhibit	Reg. No.	Reg. Date	Goods
10	47,947	Nov. 28, 1905	Saleratus, bicarbonate of soda, and sal-soda
11	502,070	Sept. 14, 1948	Sal soda, washing soda, and bicarbonate of soda (baking soda)

Registration of the Arm & Hammer Pictorial Mark

Exhibit	Reg. No.	Reg. Date	Goods
12	106,214	Oct. 19, 1915	Saleratus, bicarbonate of soda, and sal-soda
13	258,619	July 9, 1929	Bicarbonate of soda for use as a dentifrice and a bath salt
14	501,904	Aug. 31, 1948	Sal soda, washing soda, and bicarbonate of soda (baking soda), for use as a detergent, cleaning and washing agent
15	502,262	Sept. 21, 1948	Sal soda, washing soda, and bicarbonate of soda (baking soda)
16	502,263	Sept. 21, 1948	Baking soda (bicarbonate of soda) and baking powder, each for use as an ingredient in the preparation of foods
17	740,804	Nov. 20, 1962	Borax
18	930,158	Feb. 29, 1972	Laundry detergent
19	1,021,832	Oct. 7, 1975	Oven cleaner

12. Plaintiff has complied with all of the requirements of 15 U. S. C. § 1065 with respect to each of the registrations Exhibits 4, 5, 6, 7, 11, 14, 15, 16, 17. Accordingly, plaintiff's right to use each of said marks in commerce has become incontestable as provided in § 1065; and under 15 U. S. C. § 1115(b), each of said registrations is conclusive evidence of plaintiff's exclusive right to use the registered mark in commerce on or in connection with the goods in the registration which plaintiff has specified pursuant to § 1065.

13. Beginning at a date long prior to defendants' acts of which complaint is made herein:

(a) The products marketed by plaintiff under the ARM & HAMMER marks have enjoyed a deserved, favorable reputation of great value;

(b) Plaintiff has expended and is continuing to expend large sums of money in building, maintaining and extending such reputation;

(c) Plaintiff has been and is now actively engaged in interstate activities designed to promote the products sold and the goodwill identified by the Arm & Hammer marks in interstate commerce; and to expand the use and reputation of the Arm & Hammer marks throughout the United States.

(d) The Arm & Hammer marks have been and continue to be known throughout the United States as marks identifying and distinguishing the products of plaintiff.

Violations and Injury to Plaintiff

14. Without the knowledge or consent of plaintiff, and beginning long after plaintiff had built up extensive and valuable goodwill in connection with the products and business identified by the Arm & Hammer marks, upon information and belief:

(a) Defendant Curtis commenced to use and is using "ARM IN ARM With Baking Soda" as a trademark and product identification in connection with the sale, offering for sale, distribution, advertising and promotion of a deodorant containing baking soda;

(b) Defendant Curtis has been and is selling, offering for sale, distributing, advertising and promoting said Arm In Arm With Baking Soda" deodorant product packaged in containers shown in Exhibits 20, 21, 22, 23, 25 and 26. Defendant Curtis has used the containers of Exhibits 20 and 21 both before and after the commencement of this action, and has introduced the containers of Exhibits 22, 23, 25 and 26 after the commencement of this action. Each of the aforesaid containers employs a colorable imitation of the color scheme of the trade dress used for the packaging of plaintiff's Arm & Hammer products, defendant Curtis's containers including the following

features which are individually and collectively calculated to cause confusion of goods and their source and deception of purchasers:

(1) All of the aforesaid Curtis containers display "Arm In Arm With Baking Soda" displayed against a yellow overall background and employ a color scheme and design whose overall effect closely resembles the color scheme and design used for the packaging of plaintiff's ARM & HAMMER Baking Soda and a number of its other ARM & HAMMER products;

(2) All of the aforesaid Curtis containers display Arm In Arm in immediate association with "Baking Soda" and give the trademark and product identification "Arm In Arm With Baking Soda" prominent emphasis, with only subordinate mention that the product is a deodorant, thereby further emphasizing the similarity of defendants' "ARM IN ARM With Baking Soda" and plaintiff's "ARM & HAMMER Baking Soda";

(3) "Arm In Arm With Baking Soda" is displayed as the most prominent identification of origin on all of the aforesaid Curtis containers, with the name of defendant Curtis displayed much less prominently.

(c) Defendant Curtis caused an application to be filed on December 30, 1974 with the U. S. Patent and Trademark Office (Ser. No. 40,622, claiming a first-use date of December 12, 1974) to obtain Federal registration of the trademark Arm In Arm for an "anti-perspirant and personal deodorant used primarily as a personal deodorant"; and in support of said application defendant Curtis submitted the label shown in Exhibit 24 hereto, which defendant Curtis represented to show the Arm In Arm mark as actually used prior to the December 30, 1974 application date.

(d) Upon information and belief, the formulation and ingredients of the product of said December 12, 1974 shipment (claimed by defendant Curtis to be the first use of the ARM IN

ARM mark) were substantially different from the formulation and ingredients of defendant's ultimate "Arm In Arm With Baking Soda" commercial product, which defendant Curtis began test marketing on or about April 28, 1975; the product of said December 12, 1974 shipment contained aluminum chlorohydrate as an active ingredient, whereas the labels of defendant Curtis's commercial product emphasize that baking soda is an important ingredient and that "ARM IN ARM works without heavy chemicals like aluminum salts or chlorohydrates"; and said December 12, 1974 shipment was a mere attempt to reserve the ARM IN ARM mark for a line of business not yet established or existing, and not a bona fide trademark use of ARM IN ARM for the ultimate commercial baking soda deodorant product.

(e) Upon information and belief, in order to obtain clearance from the major radio and television networks to make the advertising claim that the "ARM IN ARM With Baking Soda" deodorant is "the first spray deodorant with baking soda", and with knowledge of the facts pleaded in paragraph 14(d) above, defendant Curtis, through its agent, defendant Ayer, falsely represented to said radio and television networks that its commercial ARM IN ARM spray deodorant with baking soda was shipped through interstate commerce to the retail trade on December 12, 1974; whereas the label used on said December 12, 1974 shipment (Exhibit 24 hereto) shows that the product shipped on that date contained aluminum chlorohydrate, which defendant Curtis's commercial containers (Exhibits 20, 21, 23, 23 hereto) say is the antithesis of defendants' commercial "ARM IN ARM With Baking Soda" deodorant; by said misrepresentation of material facts defendant Curtis obtained said networks' clearance to promote and advertise its "ARM IN ARM With Baking Soda" deodorant as the "first spray deodorant with baking soda"; and on the basis of the clearance obtained by said misrepresentation defendant has been falsely promoting and advertising its "ARM IN ARM With Baking Soda" product as "the first".

(f) Defendant Ayer has participated with, aided and abetted, and is continuing to participate with, aid and abet defendant Curtis (i) in its aforesaid use of "ARM IN ARM With Baking Soda" as a trademark and product identification, (ii) in its use of the containers described in paragraphs 14(b) and 21, and (iii) in its aforesaid use of "the first spray deodorant with baking soda" advertising claim, all in connection with the design, planning, testing, advertising, offering for sale, distribution and sale of defendant Curtis's "ARM IN ARM With Baking Soda" product.

(g) Defendant Key Drug has been selling, offering for sale, distributing and advertising the aforesaid "ARM IN ARM With Baking Soda" product of defendant Curtis, packaged in containers as described above and as shown in Exhibits 20, 21, 22, 23, 25 and 26.

15. Since a date long prior to any conduct of defendants complained of herein:

(a) Upon information and belief, each of the defendants has known of the use of the Arm & Hammer marks by plaintiff to identify and make known its business and products in connection with the marketing of baking soda and other household and personal care products;

(b) Defendants have also had constructive notice under 15 U. S. C. § 1072 of plaintiff's claim of ownership of the ARM & HAMMER marks for the goods specified in the United States registrations of Exhibits 1-8 and 10-18 hereto.

16. Upon information and belief, in selecting and using the "ARM IN ARM With Baking Soda" mark and the aforesaid containers for the "ARM IN ARM With Baking Soda" product, each of the defendants Curtis and Ayer has acted and is acting with the purposes of:

(a) Taking the benefit of the favorable reputation and valuable goodwill which plaintiff has established in the ARM & HAMMER marks; and

(b) Causing and facilitating the products and business of defendant Curtis to be palmed off as made, authorized, sponsored, endorsed by or otherwise connected with plaintiff.

17. As a part of the procurement, distribution, offering for sale, advertising, promotion and sale of products under the "ARM IN ARM With Baking Soda" mark and product identification, upon information and belief:

(a) Defendants Curtis and Key Drug have caused said products to enter into interstate commerce and into commerce substantially affecting interstate commerce;

(b) With knowledge that such use of the "Arm In Arm With Baking Soda" mark and product identification is a false designation of origin and a false representation as applied to the business and products of defendant Curtis, defendants Curtis and Key Drug have caused products identified by said "ARM IN ARM With Baking Soda" mark and product identification to be transported and sold in interstate commerce and in commerce substantially affecting interstate commerce, and have delivered said products to carriers to be transported or sold in such commerce;

(c) Defendant Curtis has used the advertising claim that "ARM IN ARM With Baking Soda" is "the first spray deodorant with baking soda" with knowledge that said claim as used in the context of defendant Curtis's radio and television commercials and other advertisements is a false designation of origin, a false description and a false representation of said product, and tends falsely to describe and represent the same; and with such knowledge of the falsity of said claim defendant Curtis has caused the "ARM IN ARM With Baking Soda" products for which said claim is made to be transported and sold in interstate commerce and in commerce substantially affecting interstate commerce, and has delivered said products to carriers to be transported or sold in such commerce;

(d) Defendants Curtis and Key Drug have distributed, sold, promoted and advertised said "Arm In Arm With Baking Soda"

products in interstate commerce and in commerce substantially affecting interstate commerce.

(e) Defendant Ayer has participated with, aided and abetted, and is participating with, aiding and abetting defendants Curtis and Key Drug in performing the acts described in this paragraph 17, and defendant Ayer has done and is doing so with knowledge that such use of the "ARM IN ARM With Baking Soda" trademark and product identification, and such use of the advertising claim that "ARM IN ARM With Baking Soda" is "the first spray deodorant with baking soda", are false designations of origin and false representations as applied to the business and products of defendant Curtis.

18. Upon information and belief, defendants Curtis and Ayer intend to continue and expand said use of "ARM IN ARM With Baking Soda" as a trademark and product identification in the State of New York and elsewhere, in connection with the distribution, sale, promotion and advertising of said baking soda deodorant products.

19. The "ARM IN ARM With Baking Soda" mark and product identification used by defendant Curtis is a colorable imitation of and confusingly similar to each of plaintiff's ARM & HAMMER marks and to the product identification "Arm & Hammer Baking Soda" used on plaintiff's baking soda containers and on plaintiff's "ARM & HAMMER" Baking Soda spray deodorant. The use by defendants of the "ARM IN ARM With Baking Soda" mark and product identification in connection with the sale, offering for sale, distribution and advertising of said baking soda deodorants is likely to cause confusion, to cause mistake, and to deceive.

20. Defendants' use of the "ARM IN ARM With Baking Soda" mark and product identification as complained of herein is likely to have the effect, and upon information and belief has had the effect of:

(a) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda,

the baking soda deodorant, and other household and personal care products marketed by plaintiff and identified by the ARM & HAMMER marks;

(b) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda deodorant products marketed by defendants and identified by their said use of the "ARM IN ARM With Baking Soda" mark and product identification.

21. Defendants' use of the color scheme and design in the trade dress of each of the containers of Exhibits 20, 21, 22, 23, 25 and 26 as complained of herein is likely to have the effect, and upon information and belief has had the effect of:

(a) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda, the baking soda deodorant, and other household and personal care products marketed by plaintiff, with which the public associates plaintiff's similar color scheme and design as additional indicia of plaintiff's Arm & Hammer products;

(b) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda deodorant products marketed by defendants and identified by their said use of the said color scheme and design in the trade dress of the aforesaid containers.

22. Defendants' use of the advertising claim that "ARM IN ARM With Baking Soda" is "the first spray deodorant with baking soda", in the context of defendant Curtis's radio and television commercials and other advertisements as complained of herein, is likely to have the effect, and upon information and belief has had the effect of:

(a) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda, the baking soda deodorant, and other products marketed by plaintiff and identified by the ARM & HAMMER marks;

(b) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda deodorant products marketed by defendants and identified by their said use of the "ARM IN ARM With Baking Soda" mark and product identification.

23. Upon information and belief, defendants' activities complained of herein have had and will continue to have a substantial adverse effect on plaintiff's existing and projected future business of marketing in interstate commerce, and in the State of New York, products identified by the Arm & Hammer marks, and on the goodwill of plaintiff's business connected with the use of and symbolized by each of the Arm & Hammer marks.

24. Defendants' acts herein complained of have continued after due notice of plaintiff's rights.

25. Despite plaintiff's protests and despite the filing of the present action, defendants Curtis and Ayer have extended the use of the "ARM IN ARM With Baking Soda" mark and brand name, to still another baking soda deodorant, "ARM IN ARM With Baking Soda" roll-on deodorant, and have extended the use of the accused trade dress to the containers therefor, as exemplified by Exhibits 25 and 26 hereto.

26. Starting after plaintiff's protests, defendants Curtis and Ayer launched a massive advertising campaign, which defendant Curtis publicized as "the ARM IN ARM multi-million dollar advertising blitz", for which defendant Curtis has publicized that it is "spending at an annual rate of \$14,000,000".

27. Plaintiff has been damaged by defendants' acts herein complained of, defendants have profited thereby, and unless defendants' conduct complained of herein is preliminarily and permanently enjoined, plaintiff and its goodwill and reputation will suffer irreparable injury of an insidious and continuous sort that cannot be adequately calculated or compensated in money damages.

28. The aforementioned acts of defendants Curtis and Ayer were wilful and deliberate, and without any claim of right, and were attended by circumstances of fraud, malice or a wanton and reckless disregard of plaintiff's rights.

Count I

Trademark Infringement

29. Paragraphs 1 through 28 are incorporated herein by reference.

30. Defendants' aforesaid acts constitute trademark infringement in violation of 15 U. S. C. § 1114(1) *et seq.* and of plaintiff's trademark rights at common law.

Count II

Unfair Competition

31. Paragraphs 1 through 28 are incorporated herein by reference.

32. Defendants' aforesaid acts constitute unfair competition with plaintiff in violation of plaintiff's rights at common law.

Count III

Violation of 15 U. S. C. § 1125(a)

33. Paragraphs 1 through 28 are incorporated herein by reference.

34. Defendants' aforesaid acts constitute a false designation of origin and false representation of goods introduced into interstate commerce, in violation of Section 43(a) of the United States Trademark Act of 1946, 15 U. S. C. § 1125(a).

*Count IV**Dilution*

35. Paragraphs 1 through 28 are incorporated herein by reference.

36. Defendants' aforesaid acts are likely to cause injury to plaintiff's business reputation and confusion as to the source and sponsorship of the goods and business of defendant Curtis and thus to dilute and diminish the distinctive quality of plaintiff's ARM & HAMMER marks, all in violation of Section 368-d of the General Business Law of New York and of plaintiff's rights at common law.

*Count V**Trademark Disparagement*

37. Paragraphs 1 through 28 are incorporated herein by reference.

38. In doing the acts set forth above defendants Curtis and Ayer have published to plaintiff's customers and potential customers statements which could reasonably be understood to cast doubt or create confusion about the validity of plaintiff's Arm & Hammer trademarks for Baking Soda and Baking Soda personal deodorant products, and about the validity and scope of protection of plaintiff's property rights in ARM & HAMMER for Baking Soda and for Baking Soda personal deodorant products.

39. In doing the acts set forth above, defendants Curtis and Ayer have acted with malice and with the intent to deceive the trade and the public into the mistaken belief that "ARM IN ARM With Baking Soda" products are made by the maker of ARM & HAMMER Baking Soda or are otherwise connected with ARM & HAMMER.

40. The acts and false statements of defendants Curtis and Ayer referred to above, including those published in said de-

fendants' "multi-million dollar advertising blitz" for said "ARM IN ARM With Baking Soda" products, have had an adverse economic effect upon plaintiff's business and upon the goodwill and reputation associated with plaintiff's ARM & HAMMER trademarks.

WHEREFORE, plaintiff prays for judgment:

(1) For a preliminary and permanent injunction, restraining defendants, their officers, agents, servants, employees, attorneys and all persons in active concert or participation with defendants or with any of the foregoing, from:

(a) Using the "ARM IN ARM With Baking Soda" or "ARM IN ARM, or any other combination of words which is similar to ARM & HAMMER, as or as part of any trademark, or other product or commercial identification, in connection with the sale, offering for sale, distribution, advertising, or promotion of any household product or any personal care product;

(b) Representing by words or conduct that any product made, offered for sale, sold or distributed by either of the defendants is authorized, sponsored or endorsed by or otherwise connected with plaintiff;

(c) Using in connection with the sale, offering for sale, distribution, advertising or promotion of any household product or any personal care product any label, print, wrapper, receptacle, bottle, container, display, advertisement, radio or television commercial, or printed matter, or material in any medium:

(i) which displays or includes any colorable imitation or simulation of any of plaintiff's Arm & Hammer marks, or

(ii) which is colored in any manner similar to the color scheme used in the trade dress for any of plaintiff's ARM & HAMMER products.

(2) For a permanent injunction requiring defendant Curtis:

(a) To cause to be cancelled or withdrawn the application Ser. No. 40,622 for Federal registration of ARM IN ARM filed

by defendant Curtis with the U. S. Patent and Trademark Office, and any other registration or application to register any of the matter described in paragraph (1)(a) above of these prayers:

(b) Not to apply hereafter to register any of the matter described in paragraph (1)(a) above of these prayers;

(3) For an injunction directing defendants:

(a) To deliver up to plaintiff, under oath and for destruction, all signs, containers, advertisements, promotional material, radio or television scripts, printing devices (including matrices, etc.), business forms and other things, in the possession or under the control of any of the defendants, which display any of the matter described in paragraph (1)(a) above of these prayers, or which uses the trade dress color scheme complained of herein.

(b) To file with the Court and serve on plaintiff, within thirty (30) days after the service on such defendant of said injunction, a report in writing and under oath setting forth in detail the manner and form in which that defendant has complied with the injunction.

(4) For recovery from defendants Curtis and Ayer, jointly and severally, of federal statutory damages equal to defendant Curtis's gross profits from the sale of all ARM IN ARM deodorant products from December 12, 1974, up to the date final judgment is entered herein.

(5) For recovery from defendant Ayer of damages equal to Ayer's gross profits from all work in connection with the development and execution of all phases of the planning, the introduction and the marketing of ARM IN ARM deodorant products, including the basic concept, the name, the promotion, as well as the advertising, from January 1, 1974 up to the date final judgment is entered herein.

(6) For recovery from defendants Curtis and Ayer, jointly and severally, of compensatory damages to repair the damage to the goodwill of plaintiff's business and its ARM & HAMMER trademarks caused by said defendants' massive advertising and sales promotion program for ARM IN ARM With Baking Soda products, for which defendant Curtis asserts it has been spending at an annual rate of \$14,000,000, the amount of said damages being at least \$14,000,000.

(7) For recovery from defendants Curtis and Ayer, jointly and severally, of three times the amount of the compensatory damages pursuant to 15 U. S. C. § 1117.

(8) For recovery from defendants Curtis and Ayer, jointly and severally, of punitive or exemplary damages in an amount three times the compensatory damages.

(9) For an accounting of all of defendant Curtis's profits from the sale of all ARM IN ARM deodorant products from December 12, 1974, up to the date final judgment is entered herein.

(10) For an accounting of all of defendant Ayer's profits from all work in connection with the development and execution of all phases of the planning, the introduction and the marketing of ARM IN ARM deodorant products, including the basic concept, the name, the promotion, as well as the advertising, from January 1, 1974 up to the date final judgment is entered herein.

(11) For an award against defendants Curtis and Ayer of the costs of this action, including plaintiff's attorneys' fees.

(12) For an award against defendants Curtis and Ayer of interest on the final judgment at the statutory rate from the date of filing the original complaint herein until actually paid.

(13) For such other and further relief as the Court may deem just and proper.

Dated: May, 1976

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IN THE UNITED STATES DISTRICT COURT,
For the Western District of New York.

* * (Caption Omitted in Printing) * *

ANSWER OF HELENE CURTIS INDUSTRIES, INC.,
AND ACHTER'S KEY DRUG, INC. TO THE SECOND
AMENDED AND SUPPLEMENTAL COMPLAINT.

Defendants, Helene Curtis Industries, Inc. (hereinafter "Curtis") and Achter's Key Drug, Inc. (hereinafter "Key Drug"), answering the SECOND AMENDED AND SUPPLEMENTAL COMPLAINT herein, say:

(1) Defendants Curtis and Key Drug admit that this is an action alleging trademark infringement, unfair competition and disparagement, but deny any acts of trademark infringement, unfair competition, wrongful use in commerce of false designations of origin, false descriptions, false representations, disparagement or dilution of any trademark rights as pleaded in ¶ 1 of the Second Amended and Supplemental Complaint.

(2-4) Defendants Curtis and Key Drug admit the allegations of ¶ 2-4 of the Second Amended and Supplemental Complaint (the admissions as to the state of incorporation of plaintiff and plaintiff's principal place of business are based on information and belief) except that defendants Curtis and Key Drug deny that the trademark applied to the deodorant product of Curtis here charged to infringe includes the descriptive phrase "With Baking Soda"; Defendants Curtis and Key Drug assert that the trademark of defendant Curtis for its deodorant product is ARM IN ARM, and defendants Curtis and Key Drug reassert the above with regard to each instance set forth in the Second Amended and Supplemental Complaint wherein the Complaint incorrectly asserts that said trademark is "ARM IN ARM With Baking Soda."

(5) Defendants Curtis and Key Drug are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in ¶ 5 of the Second Amended and Supplemental Complaint.

(6) Defendants Curtis and Key Drug deny that plaintiff is a marketer of various personal care products or products other than a personal deodorant which use sodium bicarbonate as an important ingredient; are without knowledge or information sufficient to form a belief as to the truth of the allegations as to plaintiff's plan for adding new products and discontinuing other products; and admit the remaining allegations contained in ¶ 6 of the Second Amended and Supplemental Complaint.

(7) Defendants Curtis and Key Drug deny the allegation that plaintiff and its predecessors had extended the use of the term Arm & Hammer or any other designation of origin to any personal care products prior to the introduction of the spray deodorant, deny that plaintiff had been long preparing to market a baking soda spray deodorant, but admit that plaintiff commenced sales of a spray deodorant bearing the term Arm & Hammer after commencement of this action which was sometime after defendant Curtis commenced the sale of its ARM IN ARM deodorant. Defendants Curtis and Key Drug further admit that plaintiff and its predecessors have extensively used the term Arm & Hammer and the pictorial representation of an arm and hammer on baking soda and have extended the use of the term and said representation to the other household products named in ¶ 7 of the Second Amended and Supplemental Complaint. Except as hereinbefore answered, defendants Curtis and Key Drug deny the allegations of ¶ 7 of the Second Amended and Supplemental Complaint.

(8) Defendants Curtis and Key Drug admit that the deodorant products sold by plaintiff are packaged in containers which are predominantly a brilliant yellow in color, that the deodorant products in said containers were first sold after the commencement of this action, which was some time after defendant Curtis

commenced sale of its ARM IN ARM deodorant, and that the words Arm & Hammer have at times been printed in white on a red background on the containers for plaintiff's products, many of which containers also employ various shades of the color yellow. Defendants Curtis and Key Drug expressly deny that the color yellow or the various color schemes and designs of plaintiff's packages function as indicia of origin, and deny all other allegations not hereinbefore admitted that are contained in ¶ 8 of the Second Amended and Supplemental Complaint.

(9) Defendants Curtis and Key Drug deny that plaintiff and its predecessors have advertised, promoted the sale and sold personal care products in connection with the term Arm & Hammer, other than the spray deodorant, and deny that any expenditures of sums in advertising and promotion of the spray deodorant occurred prior to the sales by defendant Curtis of its ARM IN ARM deodorant. Defendants Curtis and Key Drug further deny that plaintiff extensively advertised and promoted its baking soda for use as a personal deodorant prior to said sales by defendant Curtis. Except as hereinbefore denied, defendants Curtis and Key Drug admit the allegations contained in ¶ 9 of the Second Amended and Supplemental Complaint.

(10) Defendants Curtis and Key Drug deny that the words Arm & Hammer and the pictorial representation of an arm and hammer have had widespread use, advertising and promotion for personal care products, admit that said indicia have acquired a distinctive meaning, but deny that they indicate plaintiff and its predecessors as a source of products. Except as hereinbefore answered defendants Curtis and Key Drug deny the allegations contained in ¶ 10 of the Second Amended and Supplemental Complaint.

(11) Defendants Curtis and Key Drug admit that copies of what purports to be soft copies of United States Trademark Registrations are attached to the Second Amended and Supplemental Complaint as Exhibits 1 through 19, admit the issuance by the United States Patent and Trademark Office of the regis-

trations listed in ¶ 11 of the Second Amended and Supplemental Complaint, deny that said registrations were duly and lawfully issued, and are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in ¶ 11 of the Second Amended and Supplemental Complaint or of the facts recited in Exhibits 1 through 19 thereto.

(12) Defendants Curtis and Key Drug are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in ¶ 12 of the Second Amended and Supplemental Complaint, except that said defendants deny that any of plaintiff's trademark registrations are properly incontestable and deny that plaintiff's registrations are conclusive evidence of any fact.

(13) Defendants Curtis and Key Drug admit that plaintiff has used the names and designs plaintiff designates as "the Arm & Hammer marks", admit that plaintiff has had expenditures in connection with the advertising and promotion of plaintiff's products, admit that plaintiff is now actively engaged in interstate commerce and admit that plaintiff is trying to expand its business. Defendants Curtis and Key Drug deny all statements contained in ¶ 13 of the Second Amended and Supplemental Complaint insofar as they relate to any personal care products marketed by plaintiff in connection with the phrase Arm and Hammer and to the period of time prior to the sale by defendant Helene Curtis of its ARM IN ARM deodorant; deny that the phrase Arm and Hammer or the pictorial representation of an arm and a hammer properly identifies or distinguishes the products of plaintiff as marks; and deny that said phrase represents good will of the plaintiff. Except as hereinbefore answered defendants Curtis and Key Drug deny the allegations contained in ¶ 13 of the Second Amended and Supplemental Complaint.

(14) Defendants Curtis and Key Drug admit that all activities of defendant Curtis are without knowledge and consent of plaintiff, deny any implied requirement for such knowledge and consent, and deny the remaining allegations contained in the

unlettered preamble to ¶ 14 of the Second Amended and Supplemental Complaint.

(14 [a]) Defendants Curtis and Key Drug admit that defendant Curtis commenced to use and is using ARM IN ARM as a trademark in connection with the sale, offering for sale, distribution, advertising and promotion of a deodorant containing baking soda; deny that Curtis' trademark is "ARM IN ARM With Baking Soda"; and are without knowledge or information sufficient to form a belief as to what plaintiff means by the term "product identification" as used in ¶ 14(a) of the Second Amended and Supplemental Complaint. Except as hereinbefore answered, defendants Curtis and Key Drug deny the allegations contained in ¶ 14(a) of the Second Amended and Supplemental Complaint.

(14 [b]) Defendants Curtis and Key Drug admit that defendant Curtis has been and is selling, offering for sale, distributing, advertising and promoting a deodorant bearing the trademark ARM IN ARM and which has on its label the words "With Baking Soda"; however, said defendants deny that Curtis' trademark is "ARM IN ARM With Baking Soda." Defendants Curtis and Key Drug also admit that the Curtis ARM IN ARM deodorant products have been packaged in the containers shown in Exhibits 20, 21, 22, 23, 25 and 26 and also in the container shown in Exhibit 24, further admit that Curtis sold said products in the containers of Exhibits 20 and 21 prior to any sale of Arm and Hammer deodorant as well as prior to the commencement of the instant action, and admit that said deodorant was sold in all containers listed after commencement of the instant action. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 14(b) of the Second Amended and Supplemental Complaint.

(14 [b] [1]) Defendants Curtis and Key Drug admit that the containers identified in ¶ 14(b) of the Second Amended and Supplemental Complaint show the mark ARM IN ARM and the words "With Baking Soda." Except as hereinbefore admitted,

defendants Curtis and Key Drug deny the allegations of ¶ 14 (b)(1) of the Second Amended and Supplemental Complaint.

(14 [b] [2]) Defendants Curtis and Key Drug admit that the containers identified in ¶ 14(b) of the Second Amended and Supplemental Complaint have the mark ARM IN ARM displayed immediately above the words "With Baking Soda" and that the word "deodorant" is in a smaller type. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 14(b)(2) of the Second Amended and Supplemental Complaint.

(14 [b] [3]) Defendants Curtis and Key Drug admit that on the containers identified in ¶ 14(b) of the Second Amended and Supplemental Complaint the mark ARM IN ARM appears in the largest type but deny the remaining allegations of ¶ 14(b)(3) of the Second Amended and Supplemental Complaint.

(14 [c]) Defendants Curtis and Key Drug admit the allegations of ¶ 14(c) of the Second Amended and Supplemental Complaint.

(14 [d]) Defendants Curtis and Key Drug deny that the December 12, 1974 shipment of an antiperspirant and personal deodorant bearing the mark ARM IN ARM by defendant Curtis was "a mere attempt to reserve the ARM IN ARM mark for a line of business not yet established" but, on the contrary, was a bonafide trademark use of the mark ARM IN ARM on antiperspirant and personal deodorant products which resulted in the establishment of trademark rights in the mark ARM IN ARM as applied to said products. Defendants Curtis and Key Drug admit that the formulation and ingredients of the antiperspirant and personal deodorant product on which the mark ARM IN ARM was used, which was shipped on December 12, 1974, was different from the eventual formulation and ingredients of defendant Curtis' ARM IN ARM products that it test marketed in April, 1975 in that the product shipped on December 12, 1974 contained aluminum chlorhydrate and, therefore, functioned as an

antiperspirant as well as a personal deodorant; however, to date all products on which defendant Curtis has used the mark ARM IN ARM have been deodorant products. Defendants Curtis and Key Drug admit that the labels of the present commercial products of defendant state that said commercial products "work without heavy chemicals like aluminum salts or chlorhydrates." Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations contained in ¶ 14(d) of the Second Amended and Supplemental Complaint.

(14 [e]) Defendants Curtis and Key Drug admit that defendant Ayer provided information to radio and television networks in response to the inquiries of those networks, concerning the claim that ARM IN ARM is the first spray deodorant with baking soda as to the shipment of the ARM IN ARM product on December 12, 1974 by defendant Curtis, which product contained no baking soda; however, defendants Curtis and Key Drug deny that any inaccuracy in said information was provided knowingly in that defendants Curtis and Key Drug are informed and believe and, therefore, allege, that the employees of defendant Ayer who obtained the information in regard to the December 12, 1974 shipment from defendant Curtis and the employee of defendant Curtis from whom that knowledge was obtained did not know (and still are not aware) that the December 12, 1974 shipment of the ARM IN ARM product was a shipment of a product that did not contain baking soda. Defendants Curtis and Key Drug also deny that the providing of the aforesaid information to the radio and television networks was a misrepresentation of material facts since defendant Curtis' Arm in Arm product was, in fact, the first spray deodorant with baking soda. Defendants Curtis and Key Drug further deny that the advertising and promotion by Curtis of ARM IN ARM as "the first" has been false and deny that such advertising has been on the basis of advertising clearances obtained from radio and television networks, but rather has been on the basis that, in fact, ARM IN ARM was the first spray deodorant with baking soda. Still further, defendants

Curtis and Key Drug deny that the term "with baking soda" has been promoted as a part of the trademark used by defendant Curtis. Except as hereinbefore answered defendants Curtis and Key Drug deny the allegations of ¶ 14(c) of the Second Amended and Supplemental Complaint.

(14[f]) Defendants Curtis and Key Drug deny that defendant Curtis has used the descriptive term "with baking soda" as a part of its trademark. Defendants Curtis and Key Drug admit that defendant Ayer, acting as the advertising agency for defendant Curtis, has prepared advertising copy containing claims that the ARM IN ARM deodorant product of defendant Curtis was the first spray deodorant with baking soda, which claim is, of course, true. Except as hereinbefore answered, defendants Curtis and Key Drug deny the allegations of ¶ 14(f) of the Second Amended and Supplemental Complaint.

(14[g]) Defendants Curtis and Key Drug deny that the trademark applied by defendant Curtis to its deodorant product includes the descriptive phrase "with baking soda", and admit the remaining allegations of ¶ 14(g) of the Second Amended and Supplemental Complaint.

(15[a]) Defendants Curtis and Key Drug deny that plaintiff ever used the ARM & HAMMER marks to identify and make known its business and products in connection with the marketing of personal care products prior to defendants' activities of which plaintiff complains, since the plaintiff had not used its ARM IN HAMMER marks on personal care products until after defendant Curtis had first sold its ARM IN ARM deodorant product, and defendants Curtis and Key Drug, therefore, deny that they knew of any such use by plaintiff. Defendants Curtis and Key Drug admit the remaining allegations contained in ¶ 15(a) of the Second Amended and Supplemental Complaint.

(15[b]) Defendants Curtis and Key Drug admit the allegations of ¶ 15(a) of the Second Amended and Supplemental Complaint.

(16) Defendants Curtis and Key Drug deny the allegations contained in ¶ 16 of the Second Amended and Supplemental Complaint.

(17) Defendants Curtis and Key Drug deny that the trademark applied by defendant Curtis to its deodorant product includes the descriptive phrase "with baking soda" as alleged in the preamble of ¶ 17 of the Second Amended and Supplemental Complaint.

(17[a]) Defendant Curtis admits that it has sold products bearing the trademark ARM IN ARM in interstate commerce. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 17(a) of the Second Amended and Supplemental Complaint.

(17[b]) Defendants Curtis and Key Drug admit that defendant Curtis has transported and sold products bearing the mark ARM IN ARM in interstate commerce. Except as hereinbefore admitted, defendants Curtis and Key Drugs deny the allegations of ¶ 17(b) of the Second Amended and Supplemental Complaint.

(17[c]) Defendants Curtis and Key Drug admit that defendant Curtis has used the claim that its ARM IN ARM deodorant is the first spray deodorant with baking soda in advertising, since that claim is true, and again admits that the ARM IN ARM products have been transported and sold in interstate commerce. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 17(c) of the Second Amended and Supplemental Complaint.

(17[d]) Defendants Curtis and Key Drug admit that defendant Curtis has distributed, sold, promoted and advertised products bearing the mark ARM IN ARM in interstate commerce. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 17(d) of the Second Amended and Supplemental Complaint.

(17[c]) Defendants Curtis and Key Drug admit that defendant Ayer has provided advertising services in connection with the sale of Arm In Arm deodorant products. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations contained in ¶17(e) of the Second Amended and Supplemental Complaint.

(18) Defendants Curtis and Key Drug admit that defendant Curtis intends to continue and expand the use of its ARM IN ARM trademark in the State of New York and elsewhere in connection with the distribution, sale, promotion and advertising of its baking soda deodorant products. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 18 of the Second Amended and Supplemental Complaint.

(19-23) Defendants Curtis and Key Drug deny the allegations contained in ¶ 19, 20, 21, 22 and 23 of the Second Amended and Supplemental Complaint.

(24) Defendants Curtis and Key Drug admit that each of them has received notice of plaintiff's objection to their sale of the ARM IN ARM deodorant products of defendant Curtis, but said defendants deny the allegations of ¶ 24 of the Second Amended and Supplemental Complaint in the manner and form stated.

(25) Defendants Curtis and Key Drugs admit that, since the instant action was filed defendant Curtis has introduced a roll-on form of deodorant on which it also uses the mark ARM IN ARM which is sold in the containers illustrated in Exhibits 25 and 26 to the Second Amended and Supplemental Complaint. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 25 of the Second Amended and Supplemental Complaint.

(26) Defendants Curtis and Key Drug admit that, since the instant action was filed, defendant Curtis has advertised its ARM IN ARM deodorant product, and that defendant Ayer has acted as the advertising agency for defendant Curtis in con-

ducting such advertising campaigns. Defendants Curtis and Key Drug deny the remaining allegations of fact contained in ¶ 26 in the manner and form stated.

(27 & 28) Defendants Curtis and Key Drug deny the allegations of ¶ 27 and ¶ 28 of the Second Amended and Supplemental Complaint.

(29) Defendants Curtis and Key Drug incorporate by reference the answers hereinbefore made to ¶¶ 1-28 of the Second Amended and Supplemental Complaint.

(30) Defendants Curtis and Key Drug deny the allegations of ¶ 30 of the Second Amended and Supplemental Complaint.

(31) Defendants Curtis and Key Drug incorporate by reference the answers hereinbefore made to ¶¶ 1-28 of the Second Amended and Supplemental Complaint.

(32) Defendants Curtis and Key Drug deny the allegations of ¶ 32 of the Second Amended and Supplemental Complaint.

(33) Defendants Curtis and Key Drug incorporate by reference the answers hereinbefore made to ¶¶ 1-28 of the Second Amended and Supplemental Complaint.

(34) Defendants Curtis and Key Drug deny the allegations of ¶ 34 of the Second Amended and Supplemental Complaint.

(35) Defendants Curtis and Key Drug incorporate by reference the answers hereinbefore made to ¶¶ 1-28 of the Second Amended and Supplemental Complaint.

(36) Defendants Curtis and Key Drug deny the allegations of ¶ 36 of the Second Amended and Supplemental Complaint.

(37) Defendants Curtis and Key Drug incorporate by reference the answers hereinbefore made to ¶¶ 1-28 of the Second Amended and Supplemental Complaint.

(38-40) Defendants Curtis and Key Drug deny the allegations contained in ¶¶ 38, 39 and 40 of the Second Amended and Supplemental Complaint.

Affirmative Defenses

I.

And as their first Affirmative Defense, defendants Curtis and Key Drug allege:

(41) Plaintiff, upon information and belief, has attempted to monopolize the sale of products containing baking soda (also known as sodium bicarbonate) as an important ingredient by making excessive demands, threats of litigation, and by actually instituting litigation respecting the word "arm" against defendants, and, upon information and belief, against others, which demands, threats and litigation are given colorable validity by reason of the existence of the trademark registrations listed by plaintiff in its Complaint. These activities constitute a misuse of plaintiff's aforesaid Federal trademark registrations and plaintiff's said acts against defendants and others violate the antitrust laws of the United States and of the states wherein plaintiff markets its products.

(42) Upon information and belief, plaintiff's aforesaid demands and threats of litigation, and the actual litigation plaintiff has engaged in, have been and are being committed with the intent and for the purpose of monopolizing and unreasonably restraining the trade and commerce in baking soda and other products having baking soda as an important ingredient among the several states; and plaintiff has not committed said acts in good faith as the result of any actual or threatened trade deception, confusion as to the source, or loss of good will or any other infringement upon its rights in the aforesaid marks and plaintiff's Federal trademark registrations.

(43) Plaintiff, by its aforesaid acts, seeks to forestall defendants and, upon information and belief, others in their lawful use of the word "arm" in their normal and proper promotion and sale of their products in the United States; and plaintiff's said acts constitute a misuse of plaintiff's Federal trademark

registrations which plaintiff employs as one means of effectuating the aforesaid monopolization and unreasonable restraint of trade in violation of the antitrust laws.

(44) As a result of plaintiff's aforesaid unlawful acts, plaintiff is guilty of unclean hands and is, therefore, estopped from maintaining this action.

(45) The aforesaid acts constituting a misuse of plaintiff's Federal trademark registrations can be continued as long as said registrations remain in force and effect to the injury and damage of defendants and, on information and belief, to the damage and injury of others.

WHEREFORE, defendants pray:

A. That the Second Amended and Supplemental Complaint herein be dismissed.

B. That, pursuant to the provisions of 15 U. S. C. § 1119 and § 1115b(7), the Commissioner of Patents and Trademarks be ordered and directed to rectify the trademark register because of plaintiff's misuse of its Federal trademark registrations as used to violate the antitrust laws of the United States by cancelling therefrom plaintiff's trademark registrations listed in ¶ 11 of the Second Amended and Supplemental Complaint and any other trademark registrations that plaintiff may own for the mark ARM & HAMMER or the DESIGN of an Arm & Hammer.

C. That defendants be awarded their costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action.

II.

And as their second Affirmative Defense, defendants Curtis and Key Drug allege:

(46) Long prior to the date of first use by defendant Curtis of its mark ARM IN ARM, plaintiff's "ARM & HAMMER marks" (as they are defined in the Second Amended and Supplemental

Complaint) had ceased to identify and distinguish plaintiff Church & Dwight Co., Inc. as the origin or as the source of any products. In the minds of purchasers of baking soda and goods containing baking soda, and in the minds of the general public, the "ARM & HAMMER marks" have become commonly known, and used, and understood to be equivalent to and synonymous with, and thus a generic designation for, baking soda. The "ARM & HAMMER marks" are, therefore, non-distinctive and their principal and major significance now is merely indicative to the public of the nature or class of the goods, i.e., baking soda and goods containing baking soda, and buyers of products bearing the "ARM & HAMMER marks" have understood them to be solely indicative of the kind of goods sold.

(47) Also long prior to the date of first use by defendant Curtis of its mark ARM IN ARM, plaintiff's "ARM & HAMMER marks" had become commonly known and understood by purchasers of baking soda and products containing baking soda, and by the general public, to be characteristic of, and thus descriptive of, baking soda. Plaintiff by its acts of both omission and commission has caused and allowed the "ARM & HAMMER marks" to lose their ability to distinguish plaintiff's goods in commerce.

(48) Because of their aforesaid common understanding and meaning to the general public, the "ARM & HAMMER marks" are now generic of, and the term Arm & Hammer is a common descriptive name of and for, baking soda within the meaning of the trademark laws and 15 U. S. C. §§ 1064(4) and 1115(b)(4), and have therefore passed into the public domain so as to no longer be distinctive trademarks entitled to any protection under the trademark laws of the United States.

WHEREFORE, defendants pray:

D. That the Second Amended and Supplemental Complaint herein be dismissed.

E. That the "ARM & HAMMER marks" be declared generic and descriptive and, therefore, within the public domain.

F. That the Court declare that, well prior to the first use of the mark ARM IN ARM by defendant Curtis, the "ARM & HAMMER marks" had, ceased to distinguish plaintiff's goods in commerce and are no longer capable of so distinguishing plaintiff's goods.

G. That the Court order that the defendant may use the mark ARM IN ARM on underarm deodorant products and other goods without limitation and without liability to plaintiff.

H. That the Court order that plaintiff's trademark registrations listed in ¶ 11 of the Second Amended and Supplemental Complaint, and any other trademark registrations that plaintiff may own for "ARM & HAMMER marks", are invalid and void.

I. That, pursuant to the provisions of 15 U. S. C. §§ 1119, 1115(b)(4) and 1065(4), the Commissioner of Patents and Trademarks be ordered and directed to rectify the trademark register because of the aforesaid generic and descriptive nature of the "ARM & HAMMER marks" by cancelling therefrom plaintiff's trademark registrations listed in ¶ 11 of the Second Amended and Supplemental Complaint and any other trademark registrations that plaintiff may own for the "ARM & HAMMER marks."

Counterclaim (Count 1)

Defendant, Helene Curtis Industries, Inc., for its Counterclaim against plaintiff, alleges:

(49) Defendant/counterclaimaint, Helene Curtis Industries, Inc. (hereinafter sometimes referred to as "defendant" or as "Curtis"), is a corporation organized and existing under the laws of the State of Illinois, with its principal office and place of business at 4401 West North Avenue, Chicago, Illinois 60639.

(50) Plaintiff/counterdefendant, Church & Dwight Co., Inc. (hereinafter sometimes referred to as "plaintiff" or as "C & D"), is a corporation organized and existing under the

laws of the State of Delaware, with its principal office and place of business at 2 Pennsylvania Plaza, New York, New York 10001.

(51) There is an Action presently pending in this Court between the defendant and the plaintiff, Civil Action No. 75-184, over which this Court has jurisdiction.

(52) This is an action for damages and injunctive relief under the Federal antitrust laws, more particularly, Section 2 of the Act of Congress of July, 1890, 26 Stat. 209 as amended, commonly known as the Sherman Act (15 U. S. C. § 2), and Sections 4 and 16 of the Clayton Act, 38 Stat. 731, 737 (15 U. S. C. § 15 and § 26). This Court has jurisdiction of the cause of action pleaded herein and venue is proper in the United States District Court for the Western District of New York under 15 U. S. C. § 15 and § 22.

(53) Plaintiff, upon information and belief, has attempted to monopolize the sale of products containing baking soda (also known as sodium bicarbonate) as an important ingredient by making excessive demands, threats of litigation, and by actual litigation respecting the word "arm" against defendant Curtis, and, upon information and belief, against others, which activities violate the antitrust laws of the United States.

(54) Upon information and belief, as a part of plaintiff's scheme to unreasonably restrain trade in commerce in baking soda and products containing baking soda after this litigation was commenced and after plaintiff learned of the sale by defendant Curtis of a deodorant product containing baking soda under the trademark ARM IN ARM, plaintiff began the sale of a deodorant product containing baking soda intended for under-arm use in connection with the trademark ARM & HAMMER.

(55) Upon information and belief, plaintiff's aforesaid demands and threats of litigation, and the actual litigation it has engaged in, have been and are being committed with the intent and for the purpose of monopolizing and unreasonably restrain-

ing the trade and commerce in baking soda and other products having baking soda as an important ingredient among the several states; and plaintiff has not committed said acts in good faith as a result of any actual or threatened trade deception, confusion as to the sources, or loss of good will.

(56) Plaintiff, by its aforesaid acts, seeks to forestall defendant Curtis and, on information and belief, others in their lawful use of the word "arm" in their normal and proper promotion and sale of their products in the United States; and plaintiff's said acts constitute employment of its trademarks and trademark registrations as a means of effectuating its aforesaid monopolization and unreasonable restraint of trade in violation of the antitrust laws.

(57) As a result of plaintiff's aforesaid unlawful acts and attempts to monopolize, defendant Curtis has been damaged in that it has been harassed by plaintiff's demands and threats of litigation, and by plaintiff's unlawful litigation, which will cause it to lose the sums it has expended in promotion of its products under a mark and name containing the term "arm." Furthermore, defendant Curtis will be forced to expend large sums of money and to use the time of its officers and employees to defend against the claims asserted by plaintiff all to the damage and injury of defendant Curtis.

WHEREFORE, defendant, Helene Curtis Industries, Inc., prays:

J. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above, and that said damages be trebled.

K. That plaintiff, its employees, representatives, and all persons acting in concert with plaintiff or in privity with plaintiff be enjoined from engaging in the aforementioned unlawful acts.

L. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action and in the prosecution of this Counterclaim.

M. That defendant Curtis shall have such other and further relief as may be deemed to be just and proper by this Court.

Counterclaim (Count II)

As a second cause of action in its Counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(58) Defendant realleges and incorporates by reference 49 through 57 of Count I of this Counterclaim.

(59) Defendant has expended a great deal of time, effort and money in the development of the products sold under its ARM IN ARM mark, in the selection of the trademark, in the test marketing of the products with the trademark ARM IN ARM thereon, in entering into contractual relationships with its customers, and in the advertising, promotion and popularization of its deodorant products sold under the mark ARM IN ARM.

(60) Plaintiff has engaged in making demands, threats of litigation, and has filed the instant actual litigation against defendant, and, on information and belief, has committed like acts in respect of others, in order to prevent the lawful use of trademarks containing the term "arm" as applied to any products containing baking soda, far beyond any scope of protection that would be afforded said marks under the common law or the Trademark Laws of the United States, commonly known as the Lanham Act (15 U. S. C. §§ 1051-1127).

(61) Plaintiff, by its aforesaid acts, seeks to forestall defendant and, on information and belief, others from using marks containing the word "arm," thereby establishing a patent-like monopoly on said term. This activity by plaintiff constitutes an attempt to monopolize and restrain trade in violation of the antitrust laws and involves a tortious interference with contractual relationships of defendant Curtis.

(62) As a result of plaintiff's aforesaid unlawful acts and attempts to monopolize and restrain trade and interferences with contractual relationships, defendant has been damaged in

that it will in all certainty lose the benefit of the aforesaid expenditures and efforts if plaintiff is successful and may lose the same whether or not plaintiff succeeds in its unlawful activity, all to the damage and injury of defendant. Defendant will, further, be forced to expend large sums of money and to use the time of its officers and employees in order to defend against the activities of the plaintiff, to the further damage and injury of defendant.

WHEREFORE, defendant, Helene Curtis Industries, Inc., prays:

N. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above, and that said damages be trebled.

O. That plaintiff, its employees, representatives and all persons acting in concert with plaintiff or in privity with plaintiff be enjoined from engaging in the aforementioned unlawful acts.

P. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action and in the prosecution of this Counterclaim.

Q. That defendant Curtis shall have such other and further relief as may be deemed to be just and proper by this Court.

Counterclaim (Count III)

As a third cause of action in its counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(63) Defendant realleges and incorporates by reference ¶ Nos. 49 through 62 of Counts I and II of this counterclaim.

(64) Defendant/Counterclaimant Helene Curtis Industries, Inc., on information and belief, alleges that plaintiff controls 100% of the consumer sales of baking soda and approximately 75% of the sales of baking soda for use as an ingredient in other products.

(65) Defendant/Counterclaimant Helene Curtis Industries, Inc., upon information and belief, alleges that plaintiff has

monopolized the consumer market for the sale of baking soda and has attempted to monopolize and conspired to monopolize and unreasonably restrain trade and commerce in the marketing of personal care product containing baking soda.

(66) The sale of personal care products is a line of commerce or relevant consumer market to which the Federal antitrust laws outlined above are applicable, and personal care products containing baking soda are a relevant sub-market because of the fact that they contain only natural ingredients and a certain segment of the public refuses to purchase products that are not limited to natural ingredients.

(67) Defendant Curtis, on information and belief, alleges that plaintiff is engaged in the activities listed below in paragraphs 68-75 in an attempt to monopolize and unlawfully restrain trade and commerce in personal care products containing natural ingredients (*i.e.* baking soda).

(68) As a part of the aforementioned scheme and attempt to monopolize, plaintiff controls the source of supply of baking soda, the product used as the natural ingredient in the personal care products whose sale the plaintiff intends to monopolize and in attempting to monopolize.

(69) As a part of the aforementioned scheme and attempt to monopolize, and in addition to the activities alleged in ¶ 49 through 62 incorporated by reference above and those activities outlined in ¶ 68, plaintiff by reason of its monopoly on the industrial sale thereof, receives inquiries from customers and potential customers as to the properties of baking soda or its adaptability for use for certain purposes and as ingredients in personal care products. Such inquiries are received by the research and development department of plaintiff, by its industrial sales organization and by Allied Chemical Corporation, which supplies plaintiff with baking soda and with soda ash for the manufacture of baking soda.

(70) From the inquiries that are received by plaintiff through its research and development and industrial chemical depart-

ments, and through its supplier, plaintiff is made aware of potential uses for baking soda and of potential personal care products wherein baking soda can be used which, although they may not compete with products sold by plaintiff, are products which are within the technical ability of plaintiff to develop and manufacture.

(71) Upon information and belief, defendant Curtis alleges that plaintiff, upon receiving such inquiries, either:

(a) attempts to discourage the one making the inquiry from proceeding with the product in question or the use of baking soda for the product in question; or

(b) attempts to promote its baking soda sold under the ARM & HAMMER marks for the use that has been called to its attention by others; or

(c) produces a product similar to and competitive with the product that has been called to its attention.

(72) If plaintiff develops and markets the baking soda personal care product it has learned of through the said inquiry it then mounts massive advertising and public relation campaigns to attempt to monopolize the new personal care product containing baking soda by convincing consumers that its product is the only product available, thereby causing the sales of competitive products to diminish to the extent where they are forced to withdraw from the market.

(73) When plaintiff learns of a personal care product containing baking soda that is in fact in the developmental stage, or in test marketing, it attempts to complete development of a similar product, rushes that product to market and attempts to "preempt" the market from the potential competitor.

(74) Defendant Curtis, on information and belief, alleges that where competitive personal care products containing baking soda have entered the consumer market, plaintiff has mounted campaigns through its sales force and through its brokers which erroneously and untruthfully:

(a) seek to advise potential customers for said products that the products competitive with plaintiff's products are inferior, which plaintiff is able to "know" since it is the source of the baking soda comprising the ingredient of the product; and/or

(b) insinuates that the competitive personal care product will probably be withdrawn from the market after litigation is commenced against the competitor and, as has hereinbefore been previously alleged, has given verisimilitude to such comments by actually filing suit against defendants herein; and/or

(c) advises potential customers for the competing personal care product that said products may soon have higher prices since plaintiff controls the price of the baking soda comprising a principal ingredient in the competitive personal care product; and/or

(d) makes other assertions in regard to said competitive personal care product which are damaging and disparaging thereto but which plaintiff hints it can make because of its position as the supplier of the baking soda comprising an ingredient in said personal care product.

(75) In addition to the aforesaid activities, plaintiff engages in advertising promotional and public relations campaigns which are designed (a) to convince potential customers and the consuming public at large that the plaintiff's products are the only products available for the uses for which the competitive products are intended, or (b) to use its monopoly in the consumer sale of baking soda to confuse customers as to the source of such products, thereby resulting in customers choosing plaintiff's products to the exclusion of the products of others.

(76) Defendant Curtis consulted with employees of plaintiff as, on information and belief it alleges others have done, when it had decided to market a baking soda deodorant prod-

uct. Defendant Curtis is informed, and believes and, therefore, alleges, that upon learning of the interest of defendant Curtis in such a personal care product, plaintiff, which had been considering the possibility of a personal deodorant containing baking soda for a number of years, promptly rushed its deodorant product to completion, without effecting all of the normal testing that such product would be given, in an attempt to reach the marketplace before defendant Curtis and to discourage Curtis from entering the field of baking soda deodorants and thereby attempting to monopolize the sale of personal care products containing baking soda.

(77) Defendant Curtis is informed and believes and, therefore, alleges that when plaintiff learned that defendant's baking soda deodorant product had reached the stage where it was being test marketed, plaintiff hurried its baking soda deodorant product to market on a nationwide basis without the benefit of the normal test marketing that such personal care products usually receive in an attempt to "preempt" the market for baking soda deodorants, thereby further attempting to monopolize the sale of personal care products containing baking soda.

(78) Defendant Curtis is informed and believes and, therefore, alleges that when it became evident that the baking soda deodorant product of defendant Curtis would be marketed in competition with the plaintiff's baking soda deodorant product on a nationwide basis, plaintiff engaged in all of the activities alleged in ¶ 68-¶ 75 above, as well as those alleged in Counts I and II of this counterclaim, in respect of the baking soda deodorant product of defendant Curtis including, but not limited to, the mounting of a massive advertising and public relations campaigns to "preempt" the market in personal deodorants containing baking soda, engaging in an advertising and public relations campaign which had as one of its purposes the deliberate attempt to confuse customers, including the consuming public at large, so that said customers and consuming public would think that the plaintiff's baking soda deodorant

was the sole baking soda deodorant available for sale, and the conducting of a campaign through salesmen and brokers of erroneous and untrue statements about the baking soda deodorant product of defendant Curtis, all in attempt to monopolize the consumer market for products containing baking soda.

(79) Defendant Curtis is informed and believes, and therefore alleges, that plaintiff has engaged in one or more of the aforementioned practices in respect of products of persons other than Curtis also for the purpose of attempting to monopolize the sale of personal care products containing baking soda.

(80) Defendant Curtis has invested large sums of money and a great deal of time and expense in developing its baking soda deodorant product, in advertising and popularizing the product, and in the sale and distribution of the baking soda deodorant product.

(81) The aforementioned activities of plaintiff in respect of the baking soda deodorant product of defendant Curtis are intended to result in the destruction of this line of business of defendant Curtis, and if allowed to continue will result in injury of defendant Curtis and the destruction of its investment in that line of business which, to date, is in excess of Seven Million Dollars (\$7,000,000.00).

(82) The aforementioned activities of plaintiff including those in respect of the baking soda deodorant product of defendant Curtis, are a part of plaintiff's scheme and attempt to monopolize and unreasonably restrain trade and commerce in the marketing of personal care products containing baking soda and, if these activities are allowed to continue, there is a dangerous probability that plaintiff will succeed in monopolizing the relevant sub-market as defined above, to the damage and injury of defendant Curtis.

WHEREFORE, defendant Curtis prays that:

R. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above and that said damages be trebled.

S. That plaintiff be enjoined from refusing to supply defendant Curtis with baking soda during the pendency of this litigation.

T. That plaintiff, its employees, representatives, supplier, brokers, and all persons acting in concert with plaintiff or who are in privity with plaintiff be enjoined from engaging in the unlawful acts set forth above.

U. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the prosecution of this counterclaim.

V. That defendant Curtis be provided such other and further relief against plaintiff as the Court may deem proper, including as necessary, the sale and divestiture of some of the assets or line of business of plaintiff, cancellation of its trademark registrations and nullification of its ARM & HAMMER trademarks as provided in 15 U. S. C. § 1119 and § 1115(b)(7) or the mandatory licensing of others to use said ARM & HAMMER trademarks for baking soda or products containing baking soda.

Counterclaim (Count IV)

As a fourth cause of action in its Counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(83) Defendant realleges and incorporates by references ¶ 49 through 82 of Counts I, II and III of this Counterclaim.

(84) This is an action for unfair competition under § 28 USC 1338 seeking profits, damages, and injunctive relief under the Trademark Laws of the United States, more particularly, 15 U.S.C. § 1051-1127, and 28 U.S.C. § 1338 and 1331. This Court has jurisdiction of the cause of action pleaded herein and venue is proper in the United States District Court for the Western District of New York under 28 U.S.C. §§ 1391, 1338, 1331 and 2201.

(85) Plaintiff's aforesaid actions as alleged in Counts I, II and III of this Counterclaim, and incorporated by reference in ¶ (83) above, constitute unfair competition in violation of the

rights of defendant Curtis which has caused and will, if not enjoined, continue to cause pecuniary losses and other damage and injury to defendant Curtis.

(86) Defendant Curtis has no adequate remedy at law.

WHEREFORE defendant Curtis prays:

W. That plaintiff, its employees, agents, representatives and all persons acting in concert with plaintiff, or who are in privity with plaintiff, be enjoined from engaging in the unlawful acts set forth above.

X. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above and that, because of the willful nature of those acts, said damages be trebled.

Y. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the prosecution of this counterclaim.

Z. That defendant Curtis have such other and further relief as may be deemed to be just and proper by this Court.

Counterclaim (Count V)

As a fifth cause of action in its Counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(87) Defendant realleges and incorporates by a reference ¶s 46-48 of the Answer and affirmative Defenses, and is ¶¶ 49-51 of Count I of this Counterclaim.

(88) This is an action for Declaratory Judgment under 28 U.S.C. § 2201 and for unfair competition under 28 U.S.C. § 1338 seeking profits, damages, injunctive relief, and cancellation of trademark registration under the Trademark Laws of the United States, more particularly, 15 U.S.C. §§ 1051-1127 and 28 U.S.C. §§ 1338 and 1331. This Court has jurisdiction of the cause of action pleaded herein and venue is proper in the United States District Court for the Western District of New York under 28 U.S.C. §§ 1391, 1338, 1331 and 2201 and under 15 U.S.C. §§ 1116, 1119 and 1121.

(89) The continued use by plaintiff of its "Arm & Hammer marks" which have become generic of and descriptive of baking soda, and the assertions of trademark infringement based on the "Arm & Hammer marks" knowing that said "Arm & Hammer marks" are generic and descriptive constitutes unfair competition in violation of the rights of defendant Curtis, which has caused, and will, if not enjoined, continue to cause pecuniary losses and other damage and injury to defendant Curtis.

(90) Plaintiff has had notice of its wrongful and unlawful use of the "Arm & Hammer marks" and of its unfair competition but plaintiff has refused to cease and desist therefrom.

(91) Defendant has no adequate remedy at law.

WHEREFORE, defendant Curtis prays:

AA. That the "Arm & Hammer marks" be declared generic and descriptive and, therefore, within the public domain.

BB. That the Court declare that, well prior to the first use of the mark ARM IN ARM mark by defendant Curtis, the "Arm & Hammer marks" had ceased to distinguish plaintiff's goods in commerce and are no longer capable of so distinguishing plaintiff's goods.

CC. That the Court declare that the defendant may use the mark ARM IN ARM on underarm deodorant products and other goods without limitation and with liability to plaintiff.

DD. That the Court declare that plaintiff's trademark registration listed in ¶ 11 of the Second Amended and Supplemental Complaint, and any other trademark registrations that plaintiff may own for the "Arm & Hammer marks," are invalid and void.

EE. That, pursuant to the provisions of 15 U.S.C. §§ 1119, 1115(b)(4) and 1065(4), the Commissioner of Patents and Trademarks be ordered and directed to rectify the trademark register because of the aforesaid wrongful and unlawful use of, and the generic and descriptive nature of, the "Arm & Hammer marks" by cancelling from said trademark rights plaintiff's

trademark registrations listed in ¶ 11 of the Second Amended and Supplemental Complaint and any other trademark registrations that plaintiff may own for the "Arm & Hammer marks."

FF. That plaintiff, its employees, agents, representatives, and all persons acting in concert with plaintiff, or who are in privity with plaintiff, be enjoined from:

- 1.) using the "Arm & Hammer marks" as trademarks for underarm deodorant products;
- 2.) from asserting trademark infringement based on its invalid and void trademark registrations for the "Arm & Hammer marks"; and
- 3.) from unfairly competing with defendant Curtis in any manner whatsoever.

GG. That plaintiff be required to deliver up for destruction all containers for underarm deodorant products bearing the "Arm & Hammer marks," as well as all labels, packages, advertising material, catalogs, promotional materials and any other written material which bears the "Arm & Hammer marks" for underarm deodorant products, together with all plates, molds, matrices, equipment, and other means and materials for making the same.

HH. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant Curtis as a result of the acts set forth above and that, because of the willful nature of those acts, said damages be trebled.

II. That defendant Curtis be awarded its costs, expenses and attorneys fees incurred in the prosecution of this counterclaim.

JJ. That defendant Curtis shall have such other and further relief as may be deemed to be just and proper by this Court.

Counterclaim (Count VI)

As a sixth cause of action in its Counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(92) Defendant Curtis realleges and incorporates by reference ¶s 49-51 of Count I and ¶ 88 of Count V of this counterclaim.

(93) Plaintiff has filed a Complaint (actually, now a Second Amended and Supplemental Complaint) against defendant Curtis and others for trademark infringement, wrongful use in commerce of false designations of origin, false descriptions and false representations, dilution of trademark rights under the laws of the State of New York and at common law, unfair competition and trademark disparagement, and has alleged that it is the owner of certain United States Trademark Registrations set forth in ¶ 11 of the Second Amended and Supplemental Complaint for trademarks as defined in that paragraph and designated the "Arm & Hammer marks".

(94) Defendant Helene Curtis Industries, Inc. has for many years been a well-known manufacturer and distributor of cosmetic products and personal care products. Well prior to the activities of plaintiff Church & Dwight Co., Inc. complained of herein, defendant Curtis originated and adopted and commenced to use the trademark ARM IN ARM to identify the origin of its goods in connection with sales thereof in commerce. Defendant Curtis has continuously used and is still using the mark ARM IN ARM on its containers for personal deodorants, which deodorants are sold in commerce among the several states of the United States, including the State of New York, to identify and distinguish its goods from the goods of others.

(95) Prior to any use by plaintiff Church & Dwight Co., Inc. of the term ARM & HAMMER, or any of the "Arm & Hammer marks", in connection with underarm deodorant products or any other personal care products, defendant Curtis expended a great deal of money and of time and effort in developing and in advertising and promoting throughout major portions of the United States, including the State of New York, the products sold under and in conjunction with its mark ARM IN ARM. By virtue of such efforts, such mark has become as-

sociated in the minds of purchasers of personal deodorants, and in the minds of the general public, with defendant Curtis and with defendant Curtis alone, and a valuable goodwill has been built up in the mark ARM IN ARM. The goodwill associated with the plaintiff in connection with the mark ARM IN ARM is a valuable asset to defendant Curtis that is worth far in excess of Ten Thousand Dollars (\$10,000.00).

(96) Some time after defendant Curtis had used its mark ARM IN ARM in interstate commerce and had made its mark ARM IN ARM well known in connection with personal deodorants, plaintiff commenced to infringe and continues to infringe upon the rights of defendant Curtis, and has wrongfully and unlawfully engaged in acts of unfair competition, by using as a trademark applied to personal deodorants the term Arm & Hammer, and by using the other "Arm & Hammer marks" which plaintiff asserts in both its Complaint and its Second Amended and Supplemental Complaint is confusingly similar with the ARM IN ARM mark of defendant Curtis, and which, therefore, plaintiff is estopped to deny.

(97) Although defendant Curtis does not believe, and has denied, that the mark ARM IN ARM is confusingly similar with the term ARM & HAMMER and the other "Arm & Hammer marks", plaintiff has alleged confusing similarity, and is estopped to deny such confusing similarity, defendant Curtis used its ARM IN ARM mark on deodorant products prior to any use by plaintiff of the term ARM & HAMMER or the other "Arm & Hammer marks" on deodorants, or on any other personal care products and, therefore, was the first to establish trademark rights therein. Plaintiff's use of ARM & HAMMER and the other "Arm & Hammer marks" constitutes infringement of the prior established rights of defendant Curtis in its trademark ARM IN ARM, to the damage and injury to defendant Curtis.

(98) Plaintiff Church & Dwight Co., Inc. has wrongfully and unlawfully proceeded to enter upon a course of conduct, sub-

sequent to the date of defendant's first use of the mark ARM IN ARM, and still continues to engage in said unlawful conduct and activity, by deliberately and willfully attempting to confuse and deceive the general public, including prospective purchasers of underarm deodorant products offered by defendant Curtis, into believing that the products of the plaintiff are the products of defendant Curtis, or are in some manner backed by, sponsored by, franchised by, associated with, or otherwise connected with defendant Curtis. Unless enjoined, plaintiff's unlawful activities, trademark infringement and unfair competition will result in the destruction of the ARM IN ARM mark of defendant Curtis, and the loss of the goodwill attendant thereto.

(99) Plaintiff's unlawful acts are also likely to cause great injury and damage to the business reputation of defendant Curtis by diluting and diminishing the distinctive quality of the mark ARM IN ARM used by defendant Curtis, in violation of Section 368-d of the General Business Law of New York and of the rights of defendant Curtis at common law.

(100) Defendant Curtis has no adequate remedy at law.

WHEREFORE defendant Curtis prays:

KK. That plaintiff, its employees, agents, representatives, and all persons acting in concert with plaintiff, or who are in privity with plaintiff, be enjoined from using the term ARM & HAMMER and the other "Arm & Hammer marks" for deodorant products, from diluting the ARM IN ARM mark of defendant Curtis and from unfairly competing with defendant Curtis in any manner whatsoever.

LL. That plaintiff be required to deliver up for destruction all containers for deodorant products bearing the term ARM & HAMMER or bearing the other "Arm & Hammer marks" as well as all labels, packages, advertising material, catalogs, promotional materials, and any other written material which bear the term ARM & HAMMER, or any of the other "Arm &

Hammer marks" as applied to deodorant products, or any other designation or illustration confusingly similar to the ARM IN ARM mark of defendant Curtis, together with all plates, molds, matrices, equipment, and other means and materials for making the same.

MM. That plaintiff be required to account to defendant Curtis for damages suffered by defendant Curtis and that said damages be trebled because of the willful nature of plaintiff's trademark infringement, unfair competition and dilution set forth above.

NN. That defendant Curtis be awarded its costs, expenses and attorneys fees incurred in the prosecution of this counterclaim.

OO. That defendant Curtis have such other and further relief as may be deemed to be just and proper by this Court.

Counterclaim (Count VII)

As a seventh cause of action in its counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(101) Defendant Curtis realleges and incorporates by reference ¶ 49 through 51 of Count I, ¶ 78 of Count III, and ¶ 84 of Count IV of this counterclaim.

(102) In addition to the activities of plaintiff set forth in the aforementioned paragraphs and incorporated herein by reference, plaintiff Church & Dwight Co., Inc. has prominently used and is using the phrase "THE BAKING SODA DEODORANT" as a trademark and product identification in connection with the sale, offering for sale, distribution, advertising and promotion of a personal deodorant. Plaintiff has been and is selling, offering for sale, distributing, advertising and promoting said product with the phrase "THE BAKING SODA DEODORANT" prominently displayed on its packaging and in its advertising of a personal deodorant, thereby falsely and fraudulently attempting to indicate to the general public, including prospective pur-

chasers of deodorant products offered by defendant Curtis, that the product bearing the phrase "THE BAKING SODA DEODORANT" or advertised as "THE BAKING SODA DEODORANT" is the only personal deodorant containing baking soda, and thereby deliberately and willfully attempting to confuse and deceive the general public, including prospective purchasers of deodorant products offered by defendant Curtis.

(103) Plaintiff's aforesaid activities constitute unfair competition, disparagement and trade libel of defendant Curtis and its ARM IN ARM deodorant product which has caused and will, if not enjoined, continue to cause pecuniary losses and other damage and injury to defendant Curtis.

(104) Defendant Curtis has no adequate remedy at law.

WHEREFORE defendant Curtis prays:

PP. That plaintiff, its employees, agents, representatives, and all persons acting in concert with plaintiff, or who are in privity with plaintiff, be enjoined from:

1. using the phrase "THE BAKING SODA DEODORANT" on its deodorant products and in the advertising and promotion of its deodorant products;
2. engaging in the other unlawful acts set forth above; and,
3. unfairly competing with defendant Curtis in any manner whatsoever.

QQ. That plaintiff be required to deliver up for destruction all containers for deodorant products bearing the phrase "THE BAKING SODA DEODORANT", as well as all labels, packages, advertising material, catalogs, promotional material and any other written material which bears the phrase "THE BAKING SODA DEODORANT" for deodorant products, together with all plates, molds, matrices, equipment, and other means and materials for making the same.

RR. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant Curtis as a re-

sult of the acts set forth above and that, because of the willful nature of those acts, said damages be trebled.

SS. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the prosecution of this counterclaim.

TT. That defendant Curtis have such other and further relief as may be deemed to be just and proper by this Court.

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IN THE UNITED STATES DISTRICT COURT
For the Northern District of Illinois
Eastern Division

* * (Caption Omitted in Printing) * *

SUPPLEMENT TO THE ANSWER OF DEFENDANT
HELENE CURTIS TO THE SECOND AMENDED AND
SUPPLEMENTAL COMPLAINT IN CAUSE

NO. 76 C 4398

Defendant/Counterclaimant Helene Curtis Industries, Inc.,
by its attorneys, for a Supplement to its Answer to the Second
Amended and Supplemental Complaint herein, states:

Affirmative Defenses

III.

As its third Affirmative Defense of trademark misuse violative of the antitrust laws, which (a) results from plaintiff's continued misuse of its mark ARM & HAMMER as an integral part of its monopolization of the consumer market for baking soda, and (b) in its present form, involves continuing misuse of said mark by plaintiff as an illegal, anti-competitive device in plaintiff's attempt to deprive defendant Curtis of its valuable trademark ARM IN ARM and its valuable package design for its baking soda underarm deodorant, defendant Helene Curtis alleges:

Defendant Curtis' Property Rights

(105) Defendant Curtis' trademark ARM IN ARM is a very effective and valuable trademark which it has every right under the Trademark Act to use on or in connection with a product specifically formulated for underarm use and containing baking

soda as an important advertised ingredient. For the following reasons, said mark ARM IN ARM is a very valuable marketing tool designed to reach the youth market for underarm deodorants and/or antiperspirants, which is the principal target market of Helene Curtis for its underarm deodorant containing baking soda:

(a) The primary meaning of the term "ARM IN ARM" is to refer to two persons, usually a man and a woman, with their arms linked together.

(b) Two persons with their arms linked together are more often than not young persons.

(c) The term "ARM IN ARM" carries a connotation of closeness.

(d) In particular, the term "ARM IN ARM" carries a connotation of romantic closeness, i.e., of couples "going together."

(e) The term "ARM IN ARM" for an underarm deodorant suggests that a young couple who are going together, and who are close to each other because their arms are linked together, can feel confident that if they use the deodorant in question they will not be troubled with underarm odors.

(f) Inclusion of the word "ARM" in the term "ARM IN ARM" is likely to remind prospective purchasers of a product for underarm use, and thus should help prospective purchasers remember the trademark so that at the time of purchase they can ask for Curtis' product by its specific brand name.

(106) The package design of defendant Curtis' baking soda underarm deodorant is an effective and valuable package design which Curtis has every right under the applicable law of unfair competition to use on or in connection with a product specifically formulated for underarm use and containing baking soda as an important advertised ingredient. For the following reasons, said package design is a valuable marketing tool for reaching Curtis' target market for its underarm deodorant containing baking soda:

(a) The background color of the package design, a light cream color, is one of the neutral colors that are typically considered by package designers as connoting the inclusion in the product of a natural ingredient such as baking soda. In fact, color codes listing various colors by name often refer to this light cream color by the term "natural."

(b) The layout of the printed copy is designed to emphasize the inclusion of the natural ingredient, baking soda.

(c) The layout of the printed copy was designed not to give undue emphasis to the corporate name of Helene Curtis Industries, Inc. because the target market for defendant's baking soda underarm deodorant includes both men and women, and it was assumed that the name Helene Curtis carried a connotation for many members of the consuming public of women's cosmetic products, which might deter some men customers from purchasing this particular product.

(d) The type style selected for the printed material included in the package design was chosen as reflecting a simple typography that communicated an honest, straight-forward feeling that paralleled the simple, honest, straight-forward statement of "Without harsh chemicals," and did not involve any fancy designs.

(e) A dark brown type color against the cream background was selected for the unscented version of defendant's baking soda underarm deodorant as being consistent with the absence of scent, and the red type color against the cream background was selected as being appropriate for the product in which a scent was included.

The Relevant Market

(107) In April 1975, baking soda sold in the consumer market under the term "baking soda" and not under its chemical nomenclature of sodium bicarbonate had a variety of primary uses, including (a) home baking, (b) various household cleaning and deodorizing purposes, and (c) as a swimming pool

additive. In April 1975 it was also used by some consumers as an antacid and as a dentifrice. Plaintiff has advertised baking soda for a number of other uses by consumers, for some of which uses it is suitable and for some of which it is not.

(108) Plaintiff's registered trademark ARM & HAMMER and its corresponding Design under which it advertises and sells baking soda as such in the consumer market in interstate commerce have been used by plaintiff for over 100 years. ARM & HAMMER baking soda is, and for many years has been, the only packaged baking soda sold as such at retail throughout the United States to the consumer.

(109) For many years immediately prior to April 1975, when defendant Curtis first offered its baking soda underarm deodorant for sale to the public, plaintiff sold baking soda as such in the consumer market in containers the predominant color of which was yellow. For many years immediately prior to said time in April 1975 when defendant first offered its underarm deodorant product for sale, baking soda packaged in said yellow containers was the only baking soda sold as such at retail throughout the United States to the consumer.

(110) The production and distribution of baking soda as such, under the term "baking soda" and not under its chemical nomenclature of sodium bicarbonate, for retail purchase in the consumer market throughout the United States is a line of commerce or relevant consumer market for purposes of application of the Clayton Act and the Sherman Act.

Use of Trademark ARM & HAMMER As Anti-Competitive Device

(111) Plaintiff controls, and for a period of many years has controlled, 100 per cent of the relevant consumer market for baking soda as such throughout the United States.

(112) In its sales of baking soda as such in the consumer market, plaintiff, in pursuance of its intent to monopolize the

consumer market for baking soda, has for many years employed various devices and stratagems violative of the antitrust laws, and as an integral part of said activities has used, in addition to its corresponding Arm & Hammer Design mark, the word trademark ARM & HAMMER, and through the years by such scheme (a) has increased its control of the consumer market for baking soda to its present level of 100 per cent of the market, (b) has so closely associated "ARM & HAMMER" and "baking soda" that in the minds of consumers and prospective consumers the mark ARM & HAMMER now means and for many years last past has meant "baking soda," and (c) has turned said trademark ARM & HAMMER, whether with or without its corresponding Design, into a powerful anti-competitive device.

(113) Said scheme, devices and stratagems of plaintiff, with ARM & HAMMER the sole word trademark by which plaintiff has identified the baking soda sold by it in the consumer market that it has 100 per cent monopolized and controlled, have constituted misuse of the trademark ARM & HAMMER in violation of the antitrust laws of the United States, as well as misuse of plaintiff's aforesaid federal registrations of said mark, all in furtherance of plaintiff's aforesaid monopolization. Such misuse has helped to give plaintiff exclusionary economic power in said consumer market, and plaintiff has exercised said power to exclude all other sellers of baking soda in said market.

(114) Plaintiff (a) has advertised and promoted its registered trademark ARM & HAMMER in a manner intended to implement and reinforce its monopolization of the consumer market for baking soda as such by creating an identity in the public mind between the term "baking soda" and the trademark ARM & HAMMER, and (b) has engaged in marketing practices and pricing practices in the distribution of its ARM & HAMMER baking soda in the consumer market which were intended to have the result, and ultimately succeeded in producing the result, that no other brand of baking soda is sold at retail to the consuming public anywhere in the United States and all competition and

potential competition has been effectively suppressed and eliminated, making plaintiff's ARM & HAMMER trademark, whether with or without its corresponding Design, as the only word trademark used to identify baking soda in the consumer market, the aforesaid powerful anti-competitive device.

Sales of Baking Soda Underarm Deodorant

(115) Defendant Curtis' deodorant sold under the trademark ARM IN ARM, which contains baking soda as an important advertised ingredient and is specifically formulated for use as an underarm deodorant, was first offered for sale to the public under said trademark in April 1975, and has since that date been sold in various states and in commerce between the states.

(116) In April 1975 plaintiff was selling only baking soda, washing soda, borax, laundry detergent and oven cleaner under its trademark ARM & HAMMER. Plaintiff had also used its mark prior to April 1975 in connection with the sale of baking powder, a disinfectant for household use, and a garbage can spray, but had discontinued such use by said date.

(117) Plaintiff first offered a product formulated specifically to be used as an underarm deodorant for sale to the public on or about June 27, 1975. Said product contained baking soda as one of several ingredients. Although prior to that time it had been suggested by some persons that baking soda as such was usable as an underarm deodorant, this use of baking soda as such has never had any commercial significance, and there are in fact a number of characteristics of the product that make use of baking soda as such in the form sold by plaintiff totally unsuitable for an underarm deodorant.

(118) In view of the facts alleged in paragraphs 116 and 117 above, a product that was specifically formulated to be used as an underarm deodorant or antiperspirant and contained baking soda as an important advertised ingredient was not as of April 1975 a product falling within the natural area of expansion

for plaintiff's trademark ARM & HAMMER as used on the products specified in paragraph 116 above.

Attempt To Deprive Curtis Of Its Valuable Trademark And Package Design

(119) Employing its trademark ARM & HAMMER as the powerful anti-competitive device described in paragraphs 112-114 above, plaintiff has made excessive demands relating to trademark usage upon defendant Curtis, and on information and belief upon others, in an attempt among other things to deprive Curtis of its valuable trademark rights described in paragraph 105 above, all for the purpose and with the intent to maintain and exploit plaintiff's monopoly position in the sale of baking soda as such in conjunction with the trademark ARM & HAMMER. In particular:

(a) Knowingly relying on the belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given its trademark ARM & HAMMER so as to cover marks, such as defendant's mark ARM IN ARM, that are not colorable imitations of its said trademark ARM & HAMMER within the meaning of Section 32(1)(a) of the Trademark Act.

(b) Knowingly relying on said belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given its trademark ARM & HAMMER so as to cover any mark that includes the word "ARM" as a term descriptive of a product specifically formulated as an underarm deodorant and containing baking soda as an important advertised ingredient.

(c) Knowingly relying on said belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given its trademark ARM & HAMMER so as to cover the use of a distinctly different mark such as ARM IN ARM on a new product line, such as a product specifically formulated as an underarm deodorant and containing baking soda as an important advertised ingredient, that does not come within the natural area of expansion for plaintiff's trademark ARM & HAMMER as used on or in connection with the products specified in paragraph 116 above.

(d) Plaintiff sought by the filing of the present lawsuit to illegally expand the protection given its trademark ARM & HAMMER as alleged in subparagraphs (a), (b) and (c) above, through reliance on the mistaken belief alleged by plaintiff to be present in some consumers' minds that defendant's underarm deodorant containing baking soda as an important advertised ingredient and sold under the trademark ARM IN ARM came from the same source as plaintiff's baking soda sold under its trademark ARM & HAMMER, knowing full well that the proximate cause of any such confusion that might be shown to have arisen at the time of the introduction of defendant's underarm deodorant in April 1975 was simply the belief in consumers' minds, carefully nurtured and encouraged by plaintiff for many years through its monopolistic control as aforesaid, that the trademark ARM & HAMMER and the term "baking soda" are synonymous.

(120) Employing its trademark ARM & HAMMER as the powerful anti-competitive device described in paragraphs 112-114 above, plaintiff has made excessive demands relating to package design upon defendant Curtis, and on information and belief upon others, in an attempt among other things to deprive Curtis of its valuable property rights described in paragraph 106 above in the package design for its baking soda underarm

deodorant, all for the purpose and with the intent to maintain and exploit illegally plaintiff's monopoly position in the sale of baking soda as such in conjunction with the trademark ARM & HAMMER. In particular:

(a) Knowingly relying on the belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given the design of plaintiff's packages of ARM & HAMMER baking soda so as to include package designs, such as that of the package for defendant Curtis' baking soda underarm deodorant product, that have colors, layout and typography that together create an overall impression distinctly different from that created by plaintiff's package design.

(b) Knowingly relying on said belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given the design of plaintiff's packages of ARM & HAMMER baking soda so as to include the use of a distinctly different package design, such as that of defendant Curtis for its baking soda underarm deodorant, for a new product line, such as a product specifically formulated as an underarm deodorant and containing baking soda as an important advertised ingredient, that does not come within the natural area of expansion for plaintiff's package design as used on or in connection with baking soda as such.

(c) Knowingly relying on said belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given the design of plaintiff's packages of

ARM & HAMMER baking soda so as to cover any package design having a background color of yellow, or colors as different therefrom as light cream or "natural," for a product specifically formulated as an underarm deodorant and containing baking soda as an important advertised ingredient.

(d) Plaintiff sought by the filing of the present lawsuit to illegally expand the protection given its package design as alleged in subparagraphs (a), (b) and (c) above, through reliance on the mistaken belief alleged by plaintiff to be present in some consumers' minds that defendant's underarm deodorant containing baking soda as an important advertised ingredient and sold with defendant Curtis' package design for its baking soda underarm deodorant came from the same source as plaintiff's ARM & HAMMER baking soda sold in containers having plaintiff's aforesaid package design, knowing full well that the proximate cause of any such confusion that might be shown to have arisen at the time of the introduction of defendant's underarm deodorant in April 1975 was simply the belief in consumers' minds, carefully nurtured and encouraged by plaintiff for many years through its monopolistic control as aforesaid, that the trademark ARM & HAMMER and the term "baking soda" are synonymous.

(e) Knowingly relying on said belief in consumers' minds which it had over the years through its aforesaid monopolistic power fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff, on information and belief, successfully brought pressure to bear upon the seller of a dentifrice containing baking soda as an important advertised ingredient to force it to change its package design in substantial respects, thereby illegally expanding the protection given the package design for plaintiff's aforesaid containers of ARM & HAMMER baking soda, despite the fact that a dentifrice does not come within the natural area of expansion for plaintiff's trademark ARM & HAMMER as used on or in connection with baking soda as such.

(121) Plaintiff's efforts to enforce the excessive demands described in paragraphs 119 and 120 above can succeed only if plaintiff is permitted to rely on its trademark ARM & HAMMER as a powerful anti-competitive device that carries with it the belief in consumers' minds that the trademark ARM & HAMMER and the term "baking soda" are synonymous, which device has been carefully and assiduously developed by plaintiff through use of said mark for many years as its sole word trademark for identifying baking soda in the consumer market while that market was subject to 100 per cent monopolistic control by plaintiff. The assertion of said excessive demands against defendant Curtis, being justified only by reliance on the illegal and anti-competitive character of the trademark ARM & HAMMER derived as aforesaid from years of monopolistic use of the mark, is tainted by the same illegality that is now inherent in said trademark because of its long use as an integral part of a scheme to monopolize the consumer market in baking soda, and such assertion therefore constitutes an extension of the misuse of the registered trademark ARM & HAMMER in violation of the anti-trust laws that is alleged in paragraphs 112-114 above.

False and Misleading Advertising

(122) Employing its trademark ARM & HAMMER as the powerful anti-competitive device described in paragraphs 112-114 above, plaintiff has sought to support and reinforce its excessive demands on defendant Curtis described in paragraphs 119 and 120 above by the use of deliberately false and misleading advertising designed to create the very confusion plaintiff now complains about in this lawsuit. Although plaintiff well knew that its underarm deodorant containing baking soda as an important advertised ingredient was not the only such product offered for sale to the public at the time plaintiff first offered its product for sale on or about June 27, 1975, and therefore its product was not the first such product offered to the public, much less the only such product, plaintiff deliber-

ately, knowingly, and consistently has falsely characterized its product in advertising directed to the consuming public as "*The Baking Soda Deodorant*" instead of "*A Baking Soda Deodorant*," as would have been accurate. In addition to constituting unfair competition as disparagement of defendant's under-arm deodorant containing baking soda, this advertising technique has had the goal and tendency to create the very confusion in the minds of the consuming public that plaintiff alleges defendant Curtis produced by selection of its trademark ARM IN ARM, by deliberately encouraging the false impression among consumers that (a) there is only one such product, (b) thus any product of this type seen on or after June 27, 1975 must have come from the same source regardless of its brand name, and (c) that source must be the same source of baking soda that has been implanted in consumers' minds for many years through plaintiff's 100 per cent monopolistic control of the consumer market in baking soda and its accompanying use of its trademark ARM & HAMMER.

(123) Since plaintiff's efforts to support and reinforce its said excessive demands on defendant Curtis through the use of false and misleading advertising as aforesaid can succeed only through reliance on the illegal and anti-competitive character of the trademark ARM & HAMMER derived from many years of monopolistic use of the mark, said efforts are tainted with the same illegality that is now inherent in said trademark because of its long use as an integral part of a scheme to monopolize the consumer market in baking soda, and such efforts therefore constitute a further extension of the misuse of the registered trademark ARM & HAMMER in violation of the antitrust laws that is alleged in paragraphs 112-114 above.

Unlawful Effects

(124) The aforesaid acts and conduct of plaintiff have the following effects, among others:

(a) In part through the aforesaid use of its trademark ARM & HAMMER as a powerful anti-competitive device, plaintiff has attempted to monopolize and has monopolized the consumer market for baking soda throughout the United States and in various geographical areas thereof, and has attempted to restrain and has restrained trade and commerce in said market in the United States and in various geographical areas thereof.

(b) Plaintiff has reinforced its unlawful consumer market control over baking soda by successfully engendering an identification among the purchasing public between baking soda sold at retail and plaintiff's trademark ARM & HAMMER. Thus plaintiff's monopoly over the consumer market for baking soda has led many members of the consuming public to believe that the term "baking soda" means ARM & HAMMER, and that the trademark ARM & HAMMER means baking soda.

(c) Plaintiff has relied on its unlawful consumer market control over baking soda and the resulting illegal, anti-competitive nature of its trademark ARM & HAMMER to seek to illegally expand the protection given its said trademark, as well as the package design of its packages of ARM & HAMMER baking soda, in the manner set forth in paragraphs 119 and 120 above.

(d) Again, relying on its unlawful consumer market control over baking soda and the resulting illegal, anti-competitive nature of its trademark ARM & HAMMER, plaintiff has sought to support and reinforce its said illegal expansion of its trademark by use of deliberately false and misleading advertising as set forth in paragraph 122 above.

(e) Even if plaintiff's efforts to enforce its registered trademark ARM & HAMMER against other ARM-containing marks such as defendant Curtis' mark ARM IN ARM might have been lawful and legitimate if carried out in the absence of plaintiff's use of its trademark for many years to help establish and maintain its 100 per cent monopoly in the consumer market in baking soda, the fact that plaintiff is making said efforts here as

a part of a scheme to continue and exploit still further its monopoly in baking soda renders those efforts an integral part of plaintiff's scheme to violate the antitrust laws, and puts those efforts at the heart of plaintiff's unlawful monopolistic activities.

(125) All the acts and conduct alleged in paragraphs 112-114, 119-123 and 124(b), (c), (d) and (e) above, as well as the acts and conduct alleged in paragraph 124(a) above insofar as they relate to use of the trademark ARM & HAMMER, constitute misuse of plaintiff's registered trademark ARM & HAMMER in violation of the antitrust laws of the United States.

Impact on Defendant Curtis

(126) If plaintiff, through reliance on its long existent 100 per cent monopoly of the consumer market in baking soda and its use of its trademark ARM & HAMMER as a powerful anti-competitive device derived from that monopoly, is successful in barring use by defendant Curtis of its trademark ARM IN ARM for an underarm deodorant containing baking soda as an important advertised ingredient, which product Curtis was the first to offer for sale to the public, defendant will be deprived of valuable property rights in the form, as explained in paragraphs 105 and 106 above, of its trademark ARM IN ARM and the package design for its baking soda underarm deodorant, both of which are very effective marketing tools for reaching the principal target market to which Curtis is addressing its said product.

(127) By reason of the foregoing activities of plaintiff, defendant Curtis has sustained injury in its business and property, and is threatened from day to day with continuing loss and damage, including loss of sales of its baking soda underarm deodorant, and will suffer great additional injury if it is deprived of further use of its effective and lawful trademark ARM IN ARM and/or its said package design, and is deprived of the benefit of large sums of money it has expended in advertising and pro-

moting the sale of its baking soda underarm deodorant with said trademark and package design.

(128) As a result of plaintiff's aforesaid unlawful acts constituting misuse of its registered trademark ARM & HAMMER in violation of the antitrust laws of the United States, plaintiff is guilty of unclean hands and is, therefore, estopped from maintaining this action.

(129) The aforesaid acts constituting a misuse of plaintiff's federal trademark registrations can be continued as long as said registrations remain in force and effect to the injury and damage of defendants and, on information and belief, to the injury and damage of others.

Relief Requested

WHEREFORE, defendant Curtis prays:

UU. That the Second Amended and Supplemental Complaint herein be dismissed.

VV. That, pursuant to the provisions of 15 U. S. C. § 1119 and § 1115b(7), the Commissioner of Patents and Trademarks be ordered and directed to rectify the trademark register because of plaintiff's misuse of its federal trademark registrations to violate the antitrust laws of the United States by cancelling therefrom plaintiff's trademark registrations listed in paragraph 11 of the Second Amended and Supplemental Complaint and any other trademark registrations that plaintiff may own for the mark ARM & HAMMER or the Design of an Arm & Hammer.

WW. In the alternative, that plaintiff be enjoined from (1) attempting to enforce its word trademark ARM & HAMMER and/or its corresponding Design mark against the use of any trademark on or in connection with any product not specifically listed in any of plaintiff's respective existing trademark registrations for said marks and in connection with which said trademark is in actual present use by plaintiff, and/or (2) using its trademark ARM & HAMMER and/or its said Design trademark

on or in connection with any product not specifically listed in any of plaintiff's respective existing trademark registrations.

XX. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action.

IV.

And as its fourth Affirmative Defense of trademark misuse violative of the antitrust laws, arising from plaintiff's attempt to extend its monopolization of the consumer market for baking soda as such to include the submarket for baking soda underarm products, defendant Helene Curtis alleges:

(130) Defendant Curtis realleges and incorporates by reference paragraphs 105-127 of its third Affirmative Defense.

The Relevant Market

(131) The production and distribution for sale throughout the United States of products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient is a relevant consumer submarket for purposes of application of the Clayton Act and the Sherman Act, since baking soda is classified by most consumers as a "natural ingredient" instead of a "chemical," and a certain segment of the public purchases only products in which the ingredients they consider to be the important ingredients are substances, such as baking soda, that are classified by them as natural ingredients.

(132) Defendant alleges on information and belief that plaintiff controls approximately 75 per cent of the sales of baking soda for use as an ingredient in other manufactured products.

(133) Defendant alleges on information and belief that plaintiff has an approximately 60 per cent share of the relevant consumer submarket throughout the United States for products

specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient.

Acts Complained Of

(134) Plaintiff has attempted to monopolize and restrain trade and commerce throughout the United States in said submarket for products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient.

(135) As a part of its attempt to monopolize said submarket, plaintiff has employed its registered trademark ARM & HAMMER as a powerful anti-competitive device as alleged in paragraphs 112-114 and 119-123 above and paragraphs 136, 139 and 140 below.

(136) Through said use of its trademark ARM & HAMMER and through other devices and stratagems violative of the anti-trust laws, plaintiff intends and has attempted not only (a) to deprive defendant Curtis of its valuable property rights in the very effective marketing tools that are its carefully selected trademark ARM IN ARM and the package design for Curtis' baking soda underarm deodorant, as alleged in the third Affirmative Defense above, but also (b) to monopolize the market in products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient, by discouraging Curtis and causing the sales of its competitive baking soda underarm deodorant to decrease to such an extent that Curtis will be forced to withdraw said product from the market, and thereby also (c) to monopolize the use of the words "baking soda" when used to described any product specifically formulated for underarm use for controlling body odors.

(137) When defendant Curtis had decided to market a baking soda deodorant product, it consulted with employees of

plaintiff concerning the properties and availability of baking soda. Defendant Curtis is informed and believes and therefore alleges that upon learning of the possible interest of defendant Curtis in such a personal care product, plaintiff, which had been considering the possibility of a specifically formulated underarm deodorant containing baking soda for a number of years, promptly rushed its deodorant product to completion without effecting all of the normal product testing that such product would ordinarily be given, in an attempt to reach the marketplace before defendant Curtis did and to discourage Curtis from entering the field of baking soda deodorants, thereby attempting to monopolize the sale of products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient.

(138) Defendant Curtis is informed and believes and therefore alleges that when plaintiff learned that defendant's baking soda deodorant product had reached the stage where it was being test marketed, plaintiff hurried its baking soda deodorant product to market on a nationwide basis without the benefit of the normal test marketing that such personal care products usually receive, in an attempt to "preempt" the market for baking soda deodorants, thereby further attempting to monopolize the sale of products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient.

(139) In addition, defendant Curtis alleges on information and belief that from and after June 27, 1975, when plaintiff first offered its baking soda deodorant for sale to the public, as a part of its attempt to monopolize the sale of the aforesaid specifically formulated products containing baking soda, plaintiff has employed its trademark ARM & HAMMER as an illegal, anti-competitive device, by, among other things, mounting campaigns through its sales force and through its brokers that erroneously and untruthfully:

(a) seek to advise potential customers for said underarm deodorant products that defendant's ARM IN ARM deodorant is inferior in comparison to plaintiff's product, for the alleged reason that the latter is sold under the same ARM & HAMMER trademark used for over 100 years for baking soda as such, and is manufactured by the same people who are the only suppliers of baking soda for the consumer market and, because of their monopoly position in said consumer market, possess "know-how" and other proprietary information that makes the ARM & HAMMER baking soda product a superior product; and/or

(b) insinuate that in view of the present lawsuit defendant's underarm deodorant product will probably be withdrawn from the market at any time, leaving only the product sold under the well known trademark ARM & HAMMER; and/or

(c) advise potential customers for defendant's underarm deodorant product that said product may soon be sold at a higher price than the similar product sold under the well known trademark ARM & HAMMER, since plaintiff controls the price of the baking soda that is an important ingredient in said product; and/or

(d) make other assertions in regard to defendant's said product that are damaging and disparaging thereto in comparison to plaintiff's similar product sold under its trademark ARM & HAMMER, which assertions plaintiff hints it can make because of its position as the supplier of approximately 75 per cent of the baking soda that is sold for use as an ingredient in other products.

(140) From and after June 27, 1975 plaintiff has engaged in advertising, promotional, and public relations campaigns, including deliberately false and misleading advertising as alleged in paragraphs 122 and 123 above, that are designed:

(a) to falsely convince potential customers and the consuming public at large that plaintiff's product is the only product

available on the market that is specifically formulated for use as an underarm deodorant and contains baking soda as an important ingredient, which claim plaintiff hopes to be able to make convincing through the monopolistic power of its trademark ARM & HAMMER in the consumer market in baking soda; and/or

(b) to use its monopoly in the consumer sale of baking soda, and the resulting powerful anti-competitive effect of its trademark ARM & HAMMER, to confuse customers as to the source of any underarm deodorant products that happen to contain baking soda, thereby resulting in customers choosing plaintiff's ARM & HAMMER deodorant product, as the product with the brand name synonymous with "baking soda," out of habit, with the hope on plaintiff's part that such activities will decrease defendant Curtis' sales of its baking soda deodorant product and thereby tend to drive defendant out of this particular line of business.

Unlawful Effects

(141) The acts and conduct alleged in paragraphs 112-114, 119-123, 135, 136, 139 and 140 above constitute misuse of plaintiff's registered trademark ARM & HAMMER in violation of the antitrust laws of the United States.

(142) By reason of the activities of plaintiff alleged in this fourth Affirmative Defense, defendant Curtis has sustained injury in its business and property and is threatened from day to day with continuing loss and damage, and in particular will suffer great injury if it is forced by plaintiff's said activities to withdraw from and abandon its line of business comprising the sale of an underarm deodorant containing baking soda as an important advertised ingredient.

(143) As a result of plaintiff's aforesaid unlawful acts, plaintiff is guilty of unclean hands and is, therefore, estopped from maintaining this action.

(144) The aforesaid acts constituting a misuse of plaintiff's federal trademark registrations can be continued as long as said registrations remain in force and effect to the injury and damage of defendants and, on information and belief, to the injury and damage of others.

Relief Requested

WHEREFORE, defendant Curtis prays:

YY. That the Second Amended and Supplemental Complaint herein be dismissed.

ZZ. That, pursuant to the provisions of 15 U. S. C. § 1119 and § 1115b(7), the Commissioner of Patents and Trademarks be ordered and directed to rectify the trademark register because of plaintiff's misuse of its federal trademark registrations as used to violate the antitrust laws of the United States by cancelling therefrom plaintiff's trademark registrations listed in paragraph 11 of the Second Amended and Supplemental Complaint and any other trademark registrations that plaintiff may own for the mark ARM & HAMMER or the Design of an Arm & Hammer.

AAA. In the alternative, that plaintiff be enjoined from (1) attempting to enforce its word trademark ARM & HAMMER and/or its corresponding Design trademark against the use of any trademark on or in connection with any product not specifically listed in any of plaintiff's respective existing trademark registrations for said marks and in connection with which said trademark is in actual present use by plaintiff, and/or (2) using its trademark ARM & HAMMER and/or its Design trademark on or in connection with any product not specifically listed in any of plaintiff's respective existing trademark registrations.

BBB. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action.

Counterclaim (Count VIII)

As an eighth cause of action in its Counterclaim against plaintiff, arising from plaintiff's monopolistic misuse of its trademark in an attempt to unlawfully deprive defendant Curtis of its valuable trademark ARM IN ARM and its valuable package design for its baking soda underarm deodorant, defendant/counterclaimant Helene Curtis alleges:

The Parties

(145) Defendant/Counterclaimant Helene Curtis Industries, Inc. realleges and incorporates by reference paragraphs 49 and 50 of Count I of this Counterclaim.

Jurisdiction and Venue

(146) There is an Action presently pending in this Court between the defendant and the plaintiff, Civil Action No. 76 C 4398, over which this Court has jurisdiction.

(147) This is an action for damages and injunctive relief under the Federal antitrust laws, more particularly, Section 2 of the Act of Congress of July 1890, 26 Stat. 209 as amended, commonly known as the Sherman Act (15 U. S. C. § 2), and Sections 4 and 16 of the Clayton Act, 38 Stat. 731, 737 (15 U. S. C. § 15 and § 26). This Court has jurisdiction of the cause of action pleaded herein and venue is proper in the United States District Court for the Northern District of Illinois under 15 U. S. C. § 15 and § 22.

Background, Acts Complained of and Unlawful Effects

(148) Defendant realleges and incorporates by reference paragraphs 105 through 127 of its third Affirmative Defense above.

Relief Requested

WHEREFORE, defendant/counterclaimant Curtis prays:

CCC. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above, and that said damages be trebled.

DDD. That plaintiff, its employees, representatives, and all persons acting in concert with plaintiff or in privity with plaintiff be enjoined from engaging in the aforeme. ~~and~~ unlawful acts.

EEE. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action and in the prosecution of this Counterclaim.

FFF. That defendant Curtis shall have such other and further relief as may be deemed to be just and proper by this Court.

Counterclaim (Count IX)

As a ninth cause of action in its Counterclaim against plaintiff, arising from plaintiff's attempt to monopolize the submarket of products specifically formulated for underarm use and containing baking soda as an important advertised ingredient, defendant/counterclaimant Curtis alleges:

(149) Defendant realleges and incorporates by reference paragraphs 145-147 of Count VIII of this Counterclaim and paragraphs 105-127 and paragraphs 130-142, respectively, of the third and fourth Affirmative Defense above.

Impact on Defendant/Counterclaimant

(150) Defendant Curtis has invested large sums of money and a great deal of time and expense in developing its baking soda underarm deodorant product, in advertising and popularizing said product, and in the sale and distribution of said product.

(151) The aforementioned activities of plaintiff in respect of the baking soda underarm deodorant product of defendant Curtis are intended to result in the destruction of this line of business of defendant Curtis, and if allowed to continue will result in injury to defendant Curtis and the destruction of its investment in this line of business which, to date, is in excess of Seven Million Dollars (\$7,000,000.00).

Unlawful Effects

(152) The aforementioned activities of plaintiff in respect of the baking soda underarm deodorant product of defendant Curtis are a part of plaintiff's attempt to monopolize and restrain trade and commerce in the marketing of products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient, and if these activities are allowed to continue there is a dangerous probability that plaintiff will succeed in monopolizing the relevant submarket as thus defined, to the damage and injury of defendant Curtis.

(153) As a result of plaintiff's aforesaid unlawful acts and attempts to monopolize and restrain commerce and trade, defendant/counterclaimant has been damaged in that it will lose the benefit of a large portion of its aforesaid expenditures and efforts if plaintiff is successful and may lose the same whether or not plaintiff succeeds in its unlawful activity, all to its damage and injury. Defendant/counterclaimant will further be forced to expend large sums of money and to use the time of its officers and employees in order to defend against the activities of the plaintiff, to its further damage and injury.

Relief Requested

WHEREFORE, defendant/counterclaimant Curtis prays:

GGG. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above and that said damages be trebled.

HHH. That plaintiff, its employees, representatives, suppliers, brokers, and all persons acting in concert with plaintiff or who are in privity with plaintiff be enjoined from engaging in the unlawful acts set forth above.

III. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the prosecution of this counterclaim.

JJJ. That defendant Curtis be provided such other and further relief against plaintiff as the Court may deem proper, including as necessary, the sale and divestiture of some of the assets or line of business of plaintiff, cancellation of its trademark registrations and nullification of its ARM & HAMMER trademarks as provided in 15 U. S. C. § 1119 and § 1115b(7), and/or the mandatory licensing of others to use said Arm & Hammer trademarks for baking soda as such.

Dated: January 4, 1977

/s/ R. Howard Goldsmith
R. Howard Goldsmith

/s/ James W. Clement
James W. Clement

/s/ Sheldon O. Collen
Sheldon O. Collen

*Attorneys for Defendant/
Counterclaimant Helene
Curtis Industries, Inc.*

UNITED STATES DISTRICT COURT

Western District of New York

* * (Caption Omitted in Printing) * *

JUDGE BURKE'S ORDER OF FEBRUARY 25, 1976
SEPARATING ISSUES AND STAYING ANTITRUST
ISSUES AND DISCOVERY

This is an action for infringement and dilution of plaintiff's trademark rights and for unfair competition. The defendants have interposed an affirmative defense and counter claims based on alleged violation of the Antitrust Laws. The plaintiff moves for an order directing a separate trial of the trademark issues in advance of the antitrust issues and a stay of proceedings in the antitrust issues until after determination of the trademark issues.

The complaint charges infringement and dilution of plaintiffs Arm and Hammer registered trademarks, use of false designations of origin and unfair competition. The conduct complained of is defendant's use in connection with their marketing of a baking soda deodorant of the trademark "Arm in Arm with Baking Soda" and a trade dress confusingly similar to the trade dress long previously used for plaintiff's products.

Plaintiff has demanded a jury trial of the issues raised by the complaint and answer. The trademark issues differ significantly from the antitrust issues. The witnesses, documentary proof and discovery on the respective issues would be different both in character and in scope. Prior determination of the trademark issues could obviate the need for ever trying the antitrust issues.

The Court of Appeals for the Second Circuit in *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena*, 433 F. 2d 686 (2 cir. 1970)

at page 706 (paragraph 13) approved the rejection of the anti-trust defense by the District Court for the reasons set forth in the opinion of the District Court, 298 F. Sup. 1309. At page 1314 of the opinion of the District Court the court recognized the power of the court to deny enforcement of a trademark on the part of one who has used the trademark in violation of anti-trust laws. The court said that it recognized that the forces favoring exercise of such power in a trademark issue are much weaker than in patent litigation, stating its reasons. The court further said that although it did not accept the view that the defense should be unavailable as a matter of law, that it is significant that in almost every reported instance where the antitrust misuse of a trademark has been raised as a defense, it has been rejected.

There is no merit to defendants contention that trying the trademark issue first, with a stay of the antitrust issues, would deprive defendants of their day in court on the antitrust defense. The antitrust defense is based on the question whether plaintiff acted in good faith in bringing this suit and in asserting its trademarks against defendants and others. A separate trial of the trademark issues will afford the defendants a full opportunity to be heard on the antitrust defense. If the defendants are successful in the trial of the trademark issues in showing that the plaintiffs bad faith assertion of its trademark rights, defendants could then pursue the remaining aspects of the antitrust suit. A decision favorable to plaintiff on the trial of the trademark issues and unfair competition may obviate the necessity to try the antitrust issues raised by the affirmative defense and counter claims.

A stay of all proceedings on the issues raised by the defendant's affirmative defense and counter claims is desirable by postponing burdensome discovery that may ultimately prove unnecessary if plaintiff succeeds in the trial of the issues of trademark infringement and unfair competition. Separate trials are likely to save time for counsel and for the court and jury. Separate trials will avoid possible prejudice likely to arise at a single trial, from the jury confusion of the trademark and unfair competition with the antitrust issues.

IT IS HEREBY ORDERED that there shall be a separate trial of the issues raised by the defendant's affirmative defense and counter claims after the trial of the issues raised by the complaint. All proceedings including discovery on the issues raised by defendant's affirmative defense and counter claims are stayed until the issues raised by the complaint have been tried and decided.

/s/ Harold P. Burke
Harold P. Burke

February 25, 1976.

United States District Judge

IN THE UNITED STATES DISTRICT COURT
For the Northern District of Illinois
Eastern Division

* * (Caption Omitted in Printing) * *

MOTION TO VACATE ORDER SEVERING ISSUES

HELENE CURTIS INDUSTRIES, INC. moves that the Order entered by Judge Burke herein on February 25, 1976 by which it was ordered that there shall be a separate trial of the issues raised by the affirmative defense and counterclaims after the trial of the issues raised by the original complaint herein, and that all proceedings including discovery on the issues raised by said affirmative defense and counterclaims shall be stayed until the issues raised by the complaint have been tried and decided, be vacated. The grounds for this motion to have said Order vacated are as follows:

(1) As pointed out in the petition for a writ of certiorari and reply brief in support of said petition that have been filed in the Supreme Court of the United States (copies of which, together with a copy of the Petitioners' Appendix, are attached hereto), the so-called "trademark issues" and so-called "anti-trust issues" presented in this case are so inextricably intertwined that they cannot be separated without violating the due process and jury trial provisions of the Fifth and Seventh Amendments to the Constitution of the United States, and the corresponding provisions of Rule 42(b) of the Federal Rules of Civil Procedure.

(2) The defendant Helene Curtis Industries, Inc. has forwarded for filing in the United States Supreme Court a motion to dismiss its aforesaid petition for a writ of certiorari on the grounds that with the transfer of this cause from the Western District of New York to the Northern District of Illinois, the relief requested by the petition has become moot.

(3) The orderly administration of justice will be advanced if this Honorable Court rejoins the issues that were severed by said Order of February 25, 1976, so that the defendant Helene Curtis will have a meaningful opportunity to present—to the same jury that hears the so-called “trademark issues” in this case—the so-called “antitrust issues” that are, as explained in the attached petition and reply brief, intimately and inextricably intertwined with the trademark issues in the case.

(4) Judge Burke’s Order of February 25, 1976 does not apply to affirmative defenses and counterclaims to the “Second Amended and Supplemental Complaint” filed in this cause subsequent to the February 25, 1976 Order.

(5) There is presently pending in this Court related Civil Action No. 76 C 2235 which will be consolidated with this transferred case, and the two cases should be tried together.

Respectfully submitted,

/s/ R. Howard Goldsmith
R. Howard Goldsmith

/s/ James W. Clement
James W. Clement
Dressler, Goldsmith, Clement,
Gordon & Shore, Ltd.
1800 Prudential Plaza
Chicago, Illinois 60601
Telephone: (312) 527-4025
*Attorneys for Defendant Helene
Curtis Industries, Inc.*

IN THE UNITED STATES DISTRICT COURT
For the Northern District of Illinois
Eastern Division

* * (Caption Omitted in Printing) * *

PRELIMINARY INJUNCTION ORDER

It is hereby ordered and decreed that Helene Curtis Industries, Inc. (“Curtis”), its agents, servants, employees, attorneys and all persons in active concert or participation with Curtis, having actual notice hereof, be and hereby are, enjoined and restrained, pending the final hearing and determination of this action, from using any of the following words as or as part of any trademark, brand name or other product or commercial identification, in connection with the sale, offering for sale, distribution, advertising or promotion of any deodorant or anti-perspirant product: Arm in Arm or any combination of words which includes Arm in Arm.

And it is ordered and decreed that this preliminary injunction shall take effect on April 1, 1977, provided that no later than February 28, 1977, Church & Dwight Co., Inc. has filed with the Clerk of the United States District Court for the Northern District of Illinois a bond in the amount of two hundred fifty thousand dollars (\$250,000.00), for payment of such costs and damages as may be incurred or suffered by any party that is subsequently determined to have been wrongfully enjoined thereby.

ENTER:

/s/ FRANK J. MCGARR
United States District Judge

Dated: January 24, 1977

IN THE UNITED STATES DISTRICT COURT
For the Northern District of Illinois
Eastern Division

* * (Caption Omitted in Printing) * *

FINDINGS OF FACT AND CONCLUSIONS OF LAW
ON PLAINTIFF'S MOTION FOR PRELIMINARY
INJUNCTION

Church & Dwight filed this suit in the Western District of New York on May 16, 1975, shortly after learning of defendant's product, Arm in Arm deodorant and defendant's market testing activities. Despite its pendency, defendant has continued to promote and market the product.

More than a year after filing, application for preliminary injunction was made. I find no basis for estoppel arising out of this delay.

The motion for a preliminary injunction, and plaintiff's motion to transfer the case to Chicago were argued and briefed before the District Court in Rochester, New York.

After a long, perplexing and regrettable delay, that court transferred the case to the Northern District of Illinois, without deciding the injunction issue.

The court has considered the pleadings, depositions and affidavits, the transcript of the hearing before the New York court, and the contentions of the parties, and enters the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

The Parties

1. Plaintiff Church & Dwight Co., Inc. is a Delaware corporation with its principal place of business in New York, New York.

2. Defendant Helene Curtis Industries, Inc. (hereinafter "Curtis") is an Illinois corporation with its principal place of business in Chicago, Illinois.

3. Defendant Achter's Key Drug, Inc. (hereinafter "Key Drug") is a New York corporation with its principal place of business in Rochester, New York.

4. Defendant N. W. Ayer & Son, Incorporated (hereinafter "Ayer") is a Delaware corporation and is licensed to do business in New York.

Nature of the Action and This Motion

5. This is an action for infringement, dilution and disparagement of plaintiff's right in its U. S. registered trademark Arm & Hammer, and for unfair competition, arising out of the defendants' use of the Arm in Arm trademark and the trade dress of the packaging for Arm in Arm With Baking Soda personal deodorant. Jurisdiction is admitted to exist under the Federal Trademark Laws and 28 U. S. C. § 1338.

6. By this motion, plaintiff seeks a preliminary injunction against defendant Curtis' use of the Arm in Arm trademark for its Baking Soda personal deodorants.

Plaintiff's Arm & Hammer Business and Products

7. Plaintiff's registered trademark Arm & Hammer, under which plaintiff advertises and sells Baking Soda to the consuming public has been used by plaintiff and its predecessors for over 100 years.

8. The deposition testimony of defendant Curtis' own agents confirms that Arm & Hammer is a famous and distinctive trademark, long known to all of them.

9. Plaintiff and its predecessors have expended large sums in advertising and promoting the sales of products under the Arm & Hammer trademark throughout the United States, and

such advertising and sales promotion for Arm & Hammer products (other than Arm & Hammer Baking Soda spray deodorant) was carried on long prior to Curtis' first marketing of Arm in Arm deodorants.

10. Plaintiff is the registrant of 19 United States trademark registrations on the Principal Register of the 1946 Trademark Act of Arm & Hammer (word and design marks) for various personal care and household products, including Baking Soda, bicarbonate of soda for use as a dentifrice and a bath salt, washing soda, laundry detergent, oven cleaner and borax.

11. Each of the certified status copies of plaintiff's 19 U. S. registrations of the Arm & Hammer trademarks is "*prima facie*" evidence of the validity of the registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in commerce in connection with the goods . . . specified in the certificate. . . ." (15 U. S. C. §§ 1057(b), 1115(a)).

12. Before defendant Curtis adopted the Arm in Arm trademark, plaintiff's U. S. registrations of the Arm & Hammer trademarks (Exhibits 1-18 to the Second Amended Complaint) were effective to give Curtis "constructive notice" that the registrant Church & Dwight claimed ownership of Arm & Hammer as a mark used to identify the various personal care and household products of Church & Dwight which are specified in the registration certificates (15 U. S. C. § 1072).

13. Baking Soda has a great variety of uses for household cleaning, deodorizing and baking purposes. It is also used as an antacid, as a dentifrice and as an ingredient in various other health and beauty applications. Plaintiff and its predecessors have extensively advertised and promoted the use of Arm & Hammer Baking Soda for such uses, including various household purposes which utilize the product's cleansing and deodorizing properties.

14. For more than 50 years plaintiff and its predecessors have advertised and promoted Arm & Hammer Baking Soda

for use as a deodorant and for other purposes which utilize the product's deodorizing properties.

15. Plaintiff and its predecessors have extensively used the Arm & Hammer trademark on Baking Soda and have extended the use of the Arm & Hammer trademark to various consumer products such as laundry detergent, washing soda, borax and oven cleaner.

16. The latest addition to plaintiff's line of Arm & Hammer products is Arm & Hammer Baking Soda personal deodorant, which utilizes the deodorizing properties of Baking Soda in an aerosol spray container. Following research and development work and clinical and marketing research tests from 1973 through early 1975, plaintiff commenced selling its Arm & Hammer Baking Soda personal deodorant for national distribution in late June and early July, 1975, shortly after the commencement of this action on May 16, 1975.

17. Plaintiff has employed a color scheme for the packaging of a number of its Arm & Hammer products, including Arm & Hammer Baking Soda and Arm & Hammer Baking Soda spray deodorant, consisting of yellow containers on which the Arm & Hammer trademark is imprinted on a red background displayed against an overall yellow background (e.g., yellow and red; Arm & Hammer Baking Soda package facing p. 2 of Curtis' Memo in Opposition to Plaintiff's Motion for Preliminary Injunction).

Derivation of the Concept, Brand Name and Packaging for Defendants' Arm in Arm With Baking Soda Deodorant

18. In August, 1974, Curtis' New Product Development Manager derived the idea of marketing a personal deodorant containing Baking Soda from watching plaintiff's commercials promoting the deodorizing properties of Arm & Hammer Baking Soda.

19. On October 8, 1974, representatives of plaintiff and defendant Curtis met pursuant to Curtis' request for technical information about Baking Soda "and its applications in the toiletries and cosmetic field". At that meeting, Curtis' representatives were given "a brief history of Arm & Hammer Baking Soda and its manufacture" and information about "its use as a deodorizer in the refrigerator, cat litter, dishwasher, and as an undersarm (sic) personal deodorant", including information about "consumer reports of underarm deodorant efficacy" and other "documentation . . . for its deodorant use".

20. Defendants Curtis and Ayer selected Arm in Arm as the brand name for the new Baking Soda deodorant from a list of 95 names. Of the 95 names considered, Arm in Arm is the only one that resembles Arm & Hammer. Plaintiff has acknowledged that it would have no objection to defendants' marketing a Baking Soda deodorant under any of the 95 names except Arm in Arm.

21. Before deciding on Arm in Arm as the brand name for the new Baking Soda deodorant, defendants Curtis and Ayer conducted marketing research tests in November, 1974 to "determine if the name Arm in Arm fit the product". A Curtis report states the conclusion reached:

"The results of the test again, were most favorable:

" . . . the name 'Arm in Arm' proved to be a highly appropriate name for the product. It was well liked and considered to be appropriate by 64% of the respondents; and over half of those who felt it was appropriate, said so because they associated Arm in Arm with baking soda."

22. On the basis of the foregoing tests conducted by defendant Ayer and other marketing research tests conducted by Goldring & Company in February, 1975, defendant Curtis concluded on February 7, 1975 that:

"The name Arm in Arm is a very acceptable name for the test product. The name readily produces such images as:

" . . . Arm and Hammer Baking Soda."

23. In February, 1975, defendant Ayer conducted marketing research tests for defendant Curtis on 3 package designs for the new Arm in Arm with Baking Soda product. The purpose of the tests was to determine "how well that package communicates and supports the product concept, the product claims and the intended product image—when viewed by the members of the target market". Defendants Curtis and Ayer concluded that the test results showed that one of the "key, concept-related points" on which "men and women agreed" was that:

"The cream background packages are most suggestive of baking soda, the unique ingredient in Arm in Arm." (Curtis doc. D690)

Defendant Ayer's recommendation, based on the test results, was to choose the packages with the cream yellow background, because "[t]he cream background packages best suit the positioning of a natural deodorant with baking soda." (Curtis doc. D691) Defendant Curtis adopted the recommendation.

24. Defendant Curtis' data recorded in the February, 1975, test questionnaires contain numerous instances where the persons interviewed indicated that the cream yellow background design of the Arm in Arm packages reminds them of the yellow background design of the Baking Soda package (Arm & Hammer).

25. Defendant Curtis' own data in the form of questionnaires and tapes recording Curtis' marketing research tests of the Arm in Arm With Baking Soda concept and advertising before the first test marketing of the product in April, 1975, record numerous instances where consumers either (a) confused Arm in Arm with Arm & Hammer, (b) expressed a mistaken belief that Arm in Arm is made by Arm & Hammer or is otherwise connected with Arm & Hammer, or (c) said that they felt that Arm in Arm is a copy of Arm & Hammer.

Plaintiff's Protests and Suit Against the Arm in Arm With Baking Soda Brand Name and Packaging

26. On April 28, 1975, defendant Curtis commenced sales of Arm in Arm With Baking Soda spray deodorant on a limited test market basis in Rochester, New York, Erie, Pennsylvania, and Orlando, Florida. Arm in Arm advertising commenced on May 12, 1975, using radio and newspaper media in the three test cities and television in Erie.

27. On May 8 and again on May 12, 1975, plaintiff objected to defendant Curtis' use of the Arm in Arm brand name and the yellow and red color combination of the Arm in Arm With Baking Soda packaging as violating plaintiff's rights in the Arm & Hammer trademarks and the distinctive yellow and red color combination of the Arm & Hammer Baking Soda packaging. Following Curtis' rejection of plaintiff's protests on May 12, 1975, plaintiff filed its complaint in this action on May 16, 1975.

The Progressive Increase in the Scope of Defendants' Arm in Arm Sales and Advertising During the Pendency of the Action

28. During the pendency of this lawsuit, Curtis has expanded its Arm in Arm With Baking Soda sales and advertising from the 3 test cities to the national market. Defendant Curtis commenced selling the product for national distribution on July 16, 1975. Defendants Ayer and Curtis commenced national Arm in Arm advertising on October 13, 1975 with national advertising timed to coincide with the date when the Arm in Arm product would reach store shelves throughout the country.

29. In the late summer and fall of 1975, defendant Curtis introduced new packaging for the Arm in Arm With Baking Soda product (Exhibits 22 and 23 to the Second Amended Complaint). The new packaging retains the same color combinations (with cream yellow background), the same containers designs and the same Arm in Arm brand name of the original packages (Exhibits 20 and 21 to Second Amended Complaint),

but adds the name "Helene Curtis" to the packages, in type smaller than that of the Arm in Arm trademark.

30. In October, 1975, defendant Curtis initiated what it characterized as a "massive", nationwide advertising promotion of Arm in Arm With Baking Soda spray deodorant which Curtis announced in November, 1975, as its "Arm in Arm multi-million dollar advertising blitz".

31. On January 15, 1976, Curtis' marketing research agency, McCollum/Spielman & Company ("McCollum") made a presentation to defendants Curtis and Ayer of the results of tests conducted by McCollum in December of 1975 of consumer reactions to 3 Arm in Arm television commercials. That presentation included the distribution of copies of a table and a slide projection showing that of the consumers who witnessed the 3 Arm in Arm commercials, 31%, 26% and 31% believed the Arm in Arm product is made by Arm & Hammer, while 20%, 29% and 35% believed it is made by Helene Curtis. Overall more believed that Arm in Arm is made by Arm & Hammer than believed it is made by Helene Curtis.

32. In April, 1976, Curtis announced to the trade that it was expanding its Arm in Arm line with the introduction of a new roll-on deodorant product which it was planning to advertise and distribute nationally under the Arm in Arm brand name in June, 1976.

33. The packaging of the new Arm in Arm With Baking Soda roll-on product employs the same color combination (with cream yellow background) and the same Arm in Arm brand name used for the Arm in Arm spray deodorant. With the court's leave, on June 3, 1976, plaintiff served and filed its Second Amended and Supplemental Complaint adding claims against the Arm in Arm With Baking Soda brand name and the color combinations and package design of this new roll-on product.

34. Defendant Curtis is now selling, distributing and advertising Baking Soda personal deodorants under the Arm in Arm trademark throughout the United States.

35. Defendant Curtis has declared that in spite of plaintiff's objections, Curtis intends to continue to use and to expand the use of the Arm in Arm trademark in connection with the distribution, sale, promotion and advertising of its Baking Soda deodorant products.

36. In escalating Arm in Arm sales and advertising from 3 test cities to the national market, defendant Curtis' objective (as recorded in Curtis' documents) was to use the Arm in Arm name "to preempt the baking soda idea" at the expense of potential competitors, and thereby carve out a \$10 million a year share of the deodorant market "before competition has a chance to react". (Curtis doc. D3509)

"First, there is the need to preempt the Baking Soda Idea for Arm in Arm, because if this isn't done, competition can easily step in and take over the Baking Soda idea. * * * Fortunately, Arm in Arm has a lot going for us in the name . . . a name that quickly communicates baking soda and the boy and girl association." (Curtis Doc. D1485)

Confusion

37. Arm in Arm With Baking Soda personal deodorant products are sold in direct competition with plaintiff's Arm & Hammer Baking Soda personal deodorants. And the personal deodorant products of both parties are sold, among other places, in the same retail outlets.

38. Defendant Curtis' Counterclaim VI herein alleges that plaintiff's use of the Arm & Hammer trademark for its personal deodorants infringes the Arm in Arm trademark for personal deodorants and constitutes unfair competition with defendant Curtis (Curtis' Answer to Second Amended Complaint ¶¶ (96)-(98)).

39. Defendant Curtis' Counterclaim VI alleges that concurrent use of the Arm in Arm and Arm & Hammer trademarks for Baking Soda personal deodorants is likely to "confuse and deceive the general public, including prospective purchasers of underarm

deodorant products offered by defendant Curtis, into believing that the products of the plaintiff are the products of defendant Curtis, or are in some manner backed by, sponsored by, franchised by, associated with, or otherwise connected with defendant Curtis". Curtis' allegations are implicit acknowledgment that the concurrent use of the Arm in Arm and Arm & Hammer trademarks for Baking Soda personal deodorants is likely to confuse and deceive the general public, including prospective purchasers of underarm deodorant products offered by plaintiff, into believing that the Arm in Arm With Baking Soda products of defendant Curtis are the products of plaintiff (Arm & Hammer), or are in some manner backed by, sponsored by, franchised by, associated with, or otherwise connected with plaintiff (Arm & Hammer).

40. Defendant Curtis also pleads a counterclaim herein for injury and damage to business reputation, in which defendant Curtis alleges that plaintiff's use of the Arm & Hammer trademark for personal deodorants and plaintiff's use of the other Arm & Hammer marks in suit (Exhibits 1-19 to the Second Amended Complaint) are likely to dilute and diminish the distinctive quality of the Arm in Arm trademark used by defendant Curtis. Defendant Curtis' allegations are implicit acknowledgment that defendants' use of the Arm in Arm trademark for personal deodorants is likely to dilute and diminish the distinctive quality of the Arm & Hammer trademarks previously used and registered for the products specified in the registrations in suit (Exhibits 1-18 to the Second Amended Complaint).

41. In support of the present motion, plaintiff has submitted evidence of numerous instances of actual confusion involving Arm in Arm and Arm & Hammer which were recorded both in defendant Curtis' own marketing research data (Findings 23-25, 31 above and 42-47 below, all admitted by defendant Curtis) and in plaintiff's regular business record (Findings 48-50 below, not controverted by defendant Curtis). In view of the known difficulty in locating evidence of actual confusion, and consider-

ing the short period of time since the inception of defendant Curtis' use of the Arm in Arm trademark, the evidence demonstrating actual confusion (Findings 23-25, 31 above and 42-50 below) is entitled to great weight as proof of an ongoing likelihood of confusion.

Defendants' Records of Actual Confusion

42. During the pendency of this action, defendant Curtis conducted consumer reaction tests of various Arm in Arm radio and television commercials and other advertisements prepared for Curtis by defendant Ayer. Defendant Curtis' advertising and marketing research agencies who conducted those tests for Curtis testified that Curtis owns and controls all of the questionnaires, tape recordings and other data in the agencies' files that were produced in the course of conducting those tests for Curtis.

43. These data include the following results of tests of consumer reactions to an Arm in Arm television commercial ("Horseback") conducted in June, 1975, by Curtis' marketing research agency McCollum. After the participating consumers had seen and heard the Arm in Arm commercial, they were asked the question, "What company manufactures this product (Arm in Arm)?" McCollum prepared a table summarizing the consumers' answers to that question. According to that table, of the 741 consumers who witnessed the commercial, 9% (66 consumers) believed the Arm in Arm product is manufactured by Arm & Hammer, while 36% believed it is made by Helene Curtis, and 45% had no idea who made it. Of those who identified the maker as either Helene Curtis or Arm & Hammer, 20% believed Arm in Arm is made by Arm & Hammer.

44. Defendant Curtis' data include the following results of tests of consumer reactions to 3 Arm in Arm Commercials ("Switch", "Hiking", "Horseback") conducted in September, 1975 by Curtis' marketing research agency, ASI. ASI recorded on questionnaires the participating consumers' reactions to the

Arm in Arm commercials, including their answers to the question: "What is the brand name of the product being advertised?" As shown by the computer printouts of their responses, 39 of the participating consumers answered "Arm & Hammer", or the equivalent.

45. Defendant Curtis' data include the following results of tests of consumer reactions to 3 Arm in Arm television commercials conducted in December, 1975 by McCollum. The participating consumers recorded in questionnaires their answers to questions put to them after seeing and hearing the 3 Arm in Arm commercials. To the question, "What company manufactures this product (Arm in Arm)?", 295 consumers answered "Arm & Hammer", or the equivalent.

46. On the basis of the consumers' reactions recorded in the December, 1975 tests McCollum prepared a table summarizing the participating consumers' reactions to those 3 Arm in Arm commercials, which was presented to Curtis' management on January 15, 1976 (Finding 31 above). According to that table,

Thirty-one percent of the 341 consumers who witnessed one Arm in Arm commercial ("Vignettes") believed the Arm in Arm product is made by Arm & Hammer, while only 20% believed it is made by Helene Curtis;

Twenty-six percent of the 375 consumers who witnessed another Arm in Arm commercial ("Scientist") believed the Arm in Arm product is made by Arm & Hammer, while 29% believed it is made by Helene Curtis;

Thirty-one percent of the 282 consumers who witnessed another Arm in Arm commercial ("Guru") believed the Arm in Arm product is made by Arm & Hammer, while 35% believed it is made by Helene Curtis.

Thus, of the 998 consumers who saw and heard the 3 Arm in Arm commercials, more believed the Arm in Arm product is made by Arm & Hammer (290) than believed it is made by Helene Curtis (276).

47. In addition to the foregoing proof of confusion, defendants Curtis' marketing research data in the form of questionnaires and tape recordings in defendant Ayer's files record the responses given by consumers interviewed in the course of tests of consumer reactions to Arm in Arm advertising conducted during May through September, 1975. The recorded responses include numerous additional instances of consumers who, after witnessing the particular Arm in Arm advertisements being tested, either (a) confused Arm in Arm with Arm & Hammer or (b) expressed a mistaken belief that Arm in Arm is made by Arm & Hammer or is otherwise connected with Arm & Hammer.

Plaintiff's Records of Actual Confusion

48. In support of its motion, plaintiff has submitted 39 letters which plaintiff received during the period November 26, 1975 through June 4, 1976 from consumers located throughout the country, and which evidence confusion involving Arm in Arm and Arm & Hammer. Eighteen of those letters are letters of complaint that were misdirected to plaintiff in the mistaken belief that as the maker of Arm & Hammer products, plaintiff is responsible for various grievances and dissatisfactions which the consumers have expressed about the Arm in Arm With Baking Soda product.

49. Both plaintiff and Curtis promote the sale of their deodorants by reimbursing retailers for costs of advertising their respective products. In order to be reimbursed by plaintiff, the retailer must submit proof that he has indeed advertised an Arm & Hammer product. In support of its motion, plaintiff has submitted advertisements for "Arm in Arm" ("Arm and Arm" or "Arm-Arm") which were submitted in error to plaintiff by 10 retail stores located in various parts of the country as support for the retailers' claims to plaintiff for payment of advertising allowances for the promotion of plaintiff's Arm & Hammer Baking Soda deodorant.

50. Both plaintiff and Curtis also promote the sale of their deodorants through coupons which offer a discount from list price to consumers who tender the coupon with a purchase of the product. The sums discounted by retailers are reimbursed to the retailers upon their submission of the proper coupons to the proper coupon redemption agency. In support of its motion, plaintiff has submitted an affidavit from plaintiff's coupon redemption agency attesting to the fact that from about January 21, 1976 through June 8, 1976, plaintiff's coupon redemption agency received from 82 different retailers and clearing houses located all over the country 93 communications submitting Arm in Arm coupons for payment in the mistaken belief that plaintiff is the maker of or is otherwise connected with the Arm in Arm Baking Soda product.

There Has Been No Laches

51. When this suit was filed on May 16, 1975, defendant Curtis was selling Arm in Arm With Baking Soda products only on a limited test market basis in 3 test cities. When plaintiff protested the Arm in Arm trademark and packaging on May 8 and May 12, 1975, the Arm in Arm product had been on sale less than 2 weeks and had not been advertised anywhere. At the outset of the case, the short time and limited scope of Arm in Arm sales had not been sufficient to develop the evidence of actual confusion presented to the court on this motion.

52. Defendant Curtis' *pendente lite* expansion of its Arm in Arm marketing activities from limited testing in 3 cities to a national scale was undertaken in defiance of plaintiff's protests and with knowledge of the confusion involving Arm in Arm and Arm & Hammer that Arm in Arm was causing. In announcing the forthcoming expansion of Arm in Arm from the limited test market to the national market on July 25, 1975, Curtis' Division President stated:

"As you probably heard, about six weeks ago, Arm and Hammer entered a suit against us in an effort to slow us down with our introduction."

* * * * *

"... We are going ahead faster than ever before. We are so unconcerned with the suit that we are ready to offer a letter of indemnity to any account who wants it. As far as you are concerned, you need have no worry or fear regarding this at all." (Curtis Doc. D66565.)

Defendant Curtis cannot contend that any expenditures in connection with such expansion were made in reliance on plaintiff's failure to advise Curtis that plaintiff's rights in the Arm & Hammer trademark were being violated.

53. Evidence of actual confusion being caused by the Arm in Arm With Baking Soda products first started to come to plaintiff's attention in late November, 1975, after Curtis had expanded its initial limited, local testing to national sales and advertising in October, 1975 (Findings 26, 28 above). The confusion which has subsequently come to plaintiff's attention has dramatically increased in 1976. The affidavits submitted by plaintiff on this motion show that there were 7 such instances in 1975, while so far in 1976, 141 instances of confusion have come to plaintiff's attention.

54. Defendants Curtis and Ayer have not been prompt in responding to plaintiff's efforts to obtain evidence of confusion recorded in Curtis' marketing research data.

55. There has been no laches that would preclude plaintiff from obtaining preliminary injunctive relief.

Damage to Plaintiff and to the Public

56. Plaintiff is being and will be damaged by defendant Curtis' use of the trademark Arm in Arm on Baking Soda deodorant products which are directly competitive with plaintiff's Arm & Hammer Baking Soda deodorant products, and which are closely related to plaintiff's other Arm & Hammer

products. Defendant Curtis' use of the trademark Arm in Arm will divert to Curtis the benefit of business reputation and goodwill symbolized by plaintiff's Arm & Hammer trademarks.

57. Plaintiff has demonstrated from numerous instances of actual confusion that there exists a likelihood of confusion between Curtis' trademark Arm in Arm and plaintiff's trademark Arm & Hammer.

58. Defendant Curtis' continued use of the trademark Arm in Arm will cause plaintiff to lose sales as well as to risk injury to its goodwill and to the distinctiveness of its Arm & Hammer trademarks, and the instances and the extent of such injuries will be difficult to identify with precision.

59. Defendant Curtis' use of Arm in Arm is causing injury to the Arm & Hammer trademark of a sort that cannot be accurately measured or adequately compensated in money damages.

60. It is probable that plaintiff will succeed in proving that plaintiff's Arm & Hammer trademarks are being infringed by defendant Curtis' use of Arm in Arm.

61. Defendant Curtis' use of Arm in Arm in connection with its marketing of Baking Soda deodorant products is likely to dilute and diminish the distinctive quality of the Arm & Hammer trademarks long previously used and registered for the various personal care and household products specified in plaintiff's registrations in suit (Exhibits 1-18 to the Second Amended Complaint).

62. Plaintiff is suffering irreparable injury as a result of defendant Curtis' use of the trademark Arm in Arm.

63. The public has an interest in being protected against likelihood of confusion, mistake or deception, as well as the actual confusion, mistake and deception that is being caused by the use of the Arm in Arm trademark for Baking Soda personal deodorants.

The Balancing of Equities

64. Plaintiff is the prior user of the Arm & Hammer trademarks, antedating defendant Curtis' adoption of Arm in Arm by more than a century (Findings 7, 26 above).

65. Defendant Curtis has only begun its use of the infringing trademark Arm in Arm in nationwide retail sale of its Baking Soda deodorants during the pendency of this lawsuit (Findings 28, 30 above). Since plaintiff's initial protest on May 8, 1975, defendant Curtis has made all of its expenditures in connection with the advertising, promotion, distribution and sale of Arm in Arm deodorant products both with knowledge of plaintiff's objections thereto (Findings 26-28, 30, 52 above) and with knowledge of the confusion involving Arm in Arm and Arm & Hammer that Arm in Arm is causing (Findings 24-25, 31, 42-47 above).

66. Defendant Curtis will not be foreclosed by a preliminary injunction from competing with plaintiff's Arm & Hammer Baking Soda personal deodorants. Rather, Curtis will be able to compete with plaintiff through advertising, promotion and sale of its Baking Soda personal deodorants under non-deceptive trademarks.

67. Curtis purposefully chose a confusingly similar and infringing trademark for the reason that Arm in Arm readily produces in consumers' minds the image of Arm & Hammer Baking Soda (Findings 21-22 above). Therefore, Curtis acted at its peril.

68. Defendant Curtis' continuation and expansion of its Arm in Arm marketing activities (Findings 28-30, 32-36 above), despite the evidence of confusion involving Arm in Arm and Arm & Hammer recorded in Curtis' own marketing research data (Findings 22-25, 31, 42-47 above), make clear that Curtis intended to derive benefit from confusion caused by Arm in Arm and to take advantage of goodwill previously established by plaintiff for its Arm & Hammer products.

69. The balance of the equities rests with plaintiff.

On the basis of the foregoing findings, the court reaches the following:

Conclusions of Law

1. The court has jurisdiction over the parties and the subject matter of this action.

2. Upon a trial of the merits, it appears probable that plaintiff can prove that:

(a) Plaintiff owns the rights at common law and under the Federal Trademark Act to the Arm & Hammer trademarks for Baking Soda, for Baking Soda personal deodorants and for the various personal care and household products specified in the U. S. trademark registrations in suit (Exhibits 1-19 to the Second Amended Complaint); and plaintiff owns the goodwill associated with the use of and symbolized by the Arm & Hammer marks;

(b) Plaintiff's federal registrations of the Arm & Hammer marks in suit, U. S. registration Nos. 47,947; 106,214; 106,215; 106,216; 285,619; 258,620; 501,904; 501,905; 502,070; 502,261; 502,262; 502,263; 503,377; 740,803; 740,804; 930,158; 930,654; 1,021,831; 1,021,832, are valid;

(c) Defendant Curtis, in selling, offering for sale, distributing and advertising personal deodorants under the trademark Arm in Arm, as above described, infringed plaintiff's common law rights in the Arm & Hammer trademarks and also infringed plaintiff's federal registrations therefor;

(d) By its use of the Arm in Arm trademark and its conduct described above, defendant Curtis competed unfairly with plaintiff;

(e) In using the trademark Arm in Arm for its Baking Soda deodorant products defendant Curtis caused injury to plaintiff's business reputation by diluting and diminishing the distinctive quality of the Arm & Hammer trademarks previously

used and registered by plaintiff for the various personal care and household products specified in the U. S. trademark registrations in suit (Exhibits 1-19 to Second Amended Complaint);

(f) It was unfair competition and an aggravation of the trademark infringement described above for defendant Curtis to use for the packaging of its Arm in Arm Baking Soda products the color combination (with yellow background) which simulates the distinctive yellow and red color combination used for the trade dress of plaintiff's Arm & Hammer Baking Soda.

3. The defense of laches affords no justification for defendant Curtis' continuing deceptive business conduct.

4. None of the evidence before the court shows that confusion involving Arm in Arm and Arm & Hammer has been caused or is likely to be caused by any monopolization or attempted monopolization by plaintiff of Baking Soda or products containing Baking Soda.

5. The present action is a good faith effort to protect plaintiff's rights in the Arm & Hammer trademarks and to prevent confusion, mistake and deception of consumers as to the source of Arm in Arm With Baking Soda deodorants.

6. In view of the irreparable injury that will be suffered by plaintiff if defendant's trademark infringement and unfair competition are not immediately enjoined, the lack of dispute as to the basic facts, and the showing of the probable right of both plaintiff and the public under the law to relief against continuation of defendant Curtis' misleading, confusing and deceptive acts, injunctive relief *pendente lite* should be granted.

Enter:

/s/ Frank J. McGarr
United States District Judge

Dated: January 18, 1977

CONSTITUTION OF THE UNITED STATES.

Fifth Amendment.

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

CONSTITUTION OF THE UNITED STATES.

Seventh Amendment.

In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

SHERMAN ACT
15 U. S. C. §§ 1 et seq.

§ 1. Restraint of trade; resale price maintenance; penalty.

Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal. Every person who shall make any contract or engage in any combination or conspiracy hereby declared to be illegal shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine not exceeding one million dollars if a corporation, or, if any other person, one hundred thousand dollars, or by imprisonment not exceeding three years, or by both said punishments, in the discretion of the court.

(As amended Dec. 12, 1975, P. L. 94-145, § 2, 89 Stat. 801.)

§ 2. Monopolization; penalty.

Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine not exceeding one million dollars if a corporation, or, if any other person, one hundred thousand dollars, or by imprisonment not exceeding three years, or by both said punishments, in the discretion of the court.

(July 2, 1890, c. 647, § 2, 26 Stat. 209; July 7, 1955, c. 281, 69 Stat. 282; Dec. 21, 1974, P. L. 93-528, § 3, 88 Stat. 1708.)

EXCERPTS FROM TRANSCRIPTS OF DEPOSITIONS

Excerpts from Deposition of LEWIS G. ABNEY.

- [36] Q. Was any product available at this time?
- A. Product was available.
- Q. In what form?
- A. Finished product litho cans.
- Q. Did you supply these people with cans?

A. Not with cans, with litho cans.

Q. When were those cans first available?

A. They were available on June 27th, if I recall, because that was the date of our first presentation, our first sales presentation to our brokers.

Q. Had any cans been sold prior to that time?

A. Yes.

Q. To whom?

A. To a gentleman in New Jersey. I am not sure whether it is central or Southern New Jersey.

Q. Who was he and when were those cans sold to him?

A. He was an acquaintance of mine who was aware of the fact that we were developing a baking soda deodorant called Arm & Hammer Dry Deodorant, and who expressed an interest in trying the product.

[37] Q. What was his name?

A. Herbert Grevious.

Q. When was the product sold to him?

A. I believe it was some time in June, I am not sure, early June.

Q. That was the first sale of the product, as far as you know?

A. First sale of the product.

[85] Q. All right, we will see if we can come across that fairly soon.

Continuing with that paragraph in Exhibit 9, the trademark application, it goes on:

"The trademark was first used in connection with an interstate sale of the goods to a member of the purchasing public on June 12, 1975."

Do you know what that would refer to?

A. I would think that that was the sale of the product to Mr. Grevious. If my memory serves me correctly, it was about that time that the sale was made.

Q. What is Mr. Grevious' business?

A. Mr. Grevious is employed by Supermarkets General, Incorporated, located in—I am not sure—somewhere around New Brunswick, New Jersey, and Supermarkets General, among other things, are in the [86] retail grocery business. They operate the Pathmark Food Stores, which is a very important food operation in the metro New York area, and he is involved in—I am not sure exactly what his title is or what his functions are, but they include at this particular point setting up several different types of test outlets for Pathmark stores testing techniques to possibly be used on a broad scale basis by the entire chain.

Q. You mean trying out products to see if they were going to go?

A. Testing new retailing concepts.

Q. First of all, did Mr. Grevious buy your material?

A. Yes, he did.

Q. Do you know what quantity he purchased?

A. I think it is one unit.

Q. One can?

A. One can.

[114] Q. Do you know of any manufacturer other than Church & Dwight that sells baking soda to the consumer, Mr. Abney?

A. No.

[120] Q. How did that information regarding the Helene Curtis product first come to your attention?

A. It was picked up by one of our employees in our Syracuse plant.

Q. In Rochester?

A. Who happened to be in Rochester that particular weekend.

Q. Early in May?

A. The first weekend in May. I think it was brought to my attention somewhere around May 5th.

[256] Q. Mr. Abney, what are the products with which [257] the Kelly, Nason advertising agency deals for Church & Dwight?

A. Arm & Hammer baking soda, Arm & Hammer oven cleaner, Arm & Hammer laundry detergent.

Those are the three that come to mind. There may be other additional minor products that are not advertised—Arm & Hammer borax.

Q. Is that still sold?

A. As far as I know, it is.

Q. Are there any other products in that category?

A. And some new product responsibilities.

Q. What general category, without mentioning the specific nature of the new products, would they fall in?

Mr. R. Berry: If you know.

A. I really don't know.

Q. With what types of products, or what specific products has Lois Holland Callaway dealt for Church & Dwight?

A. Established brands, Arm & Hammer baking soda deodorant.

Q. What does established brands mean?

A. Products that currently are on the market, currently being advertised.

[258] Q. The answer so far covers the deodorant?

A. The deodorant, and Arm & Hammer washing soda.

Q. How long has Lois Holland Callaway dealt with the deodorant?

A. Before I joined Church & Dwight.

Q. And that is before October 1974; is that right?

A. That's right.

[271] Q. In your experience with advertising agencies, have you observed if any agency can't be said to specialize in certain lines of goods, that they at least have given greater emphasis to certain lines of goods than others?

A. I think that is a fair statement.

[272] Q. Is the Kelly, Nason advertising agency one of those that is known to give more emphasis to a particular line of goods than another?

A. I am not familiar with the other clients that they handle.

Q. For the record, Mr. Abney, would you look at page 446 of Defendant's Exhibit 58, where there is a listing headed "Kelly, Nason Accounts," and tell me whether you are familiar with those companies that are listed there?

Mr. R. Berry: What do you mean by familiar with?

Q. Do you know all those companies?

A. I heard of most of them.

Q. In looking over that list, I have counted some eight of those clients of Kelly, Nason that are in the field of food processing or packaged foods, and some seven of those companies that appear to deal in non-food areas. Is that the way you read the list?

Mr. R. Berry: Perhaps, if you could identify which ones you have in mind, he may be able to answer that question. There is a company, the Moroccan National Tourist Office, and World of Beauty listed. Could you be more specific?

[273] Q. Are the following companies listed there companies that deal in food processing or in packaged foods?

Beatrice Foods?

A. I think so. I am not familiar with them, just from the standpoint of having knowledge that the company exists. I am not familiar with their product line.

Q. Curtic-Burns, Inc.?

A. I am not familiar with them either.

Q. But they are listed as being in food processing?

A. Right.

Q. Food Fair Stores?

A. I am familiar with Food Fair Stores.

Q. They are a company that deals in packaged foods among other things?

A. As far as I know, they deal in marketing foods from the retail standpoint.

Q. General Foods is in the food processing business; is that right?

A. Yes, sir.

Q. Hollywood Brands, Division of Consolidated Foods Corp. deals in food; is that right?

A. As far as I know, Hollywood Brands manufactures [274] and sells candy products. Hollywood Brands Division, I am not familiar with.

Q. Mogen David Meat Products Company deals with meat products?

A. I don't know. I assume they do.

Q. Oceanspray Cranberries deals in food products; is that right?

A. Yes.

Q. Stroehmann Brothers Co. deals in food products; is that right?

A. I am not familiar with them.

Q. But they are shown as dealing specially in breads and sweet goods here?

A. Yes.

Q. A wide variety of goods, and especially breads and sweet goods is their listing; is that right?

A. Yes.

Q. Do any of those that I have not called your attention to, to your knowledge, deal with food processing or packaged foods of one kind or another?

A. To my knowledge, no, sir.

Mr. R. Berry: Again, can you identify the ones that you relate to, toiletries and non-food products?

[275] Mr. Clement: I take it from his answer that he would agree that the rest of them, the other seven in the list, fall in that category. We can count them.

Q. The seven others, was Church & Dwight included? Was Church & Dwight included in the count of seven others?

A. Which do not deal in food items.

Q. Processed foods or packaged foods, yes. You agree with that count?

A. I didn't count them.

Mr. Clement: Mr. Berry?

Mr. R. Berry: I didn't count them either.

Q. Now, as to Lois Holland Callaway, is that advertising agency known as one which gives more emphasis to a particular line of goods than others?

A. Not to my knowledge.

Q. Do you know if it is known as an advertising agency that has, in fact, diversified clientele in various fields of business?

A. To my knowledge, I would say that is true.

Q. I call your attention to the list of accounts of Lois Holland Callaway on page 508, and I ask whether you see any companies in that list that are engaged in [276] food processing or dealing in packaged foods as their line of business? That is the Lois Holland Callaway list.

A. Not that I am aware of.

[289] Q. Now, we spoke of seven products, I think, that are sold under the Arm & Hammer trademark presently. They were the six that Dr. Weinberg listed, and then you added Borax to that list; is that right?

A. Yes. Was it six that he mentioned or five?

Q. I beg your pardon. He mentioned five, and you added the sixth, yes.

When was a disinfectant for household use sold under the trademark Arm & Hammer?

A. Prior to my joining Church & Dwight. I really don't know the exact time.

Q. That was sold prior to your joining and discontinued prior to your joining; is that right?

A. Yes.

[337] Q. Whenever the precise time was that the decision was made to call the new deodorant "The Baking Soda Deodorant," it was before you learned the market testing of the Helene Curtis baking soda deodorant; is that right?

A. Yes, sir.

Q. At the time you decided to adopt the name "The Baking Soda Deodorant," so far as you knew, your product was, in fact, the only baking soda deodorant; is that right?

A. As far as we knew.

Q. And that is why you felt it was appropriate to call it "The Baking Soda Deodorant"?

A. I don't know if that was the reason we felt it was appropriate, but we did call it "The Baking Soda Deodorant."

Q. Why were you not content to simply call it "A Baking Soda Deodorant"?

[338] A. "A" suggests more than one, I guess. I don't know.

Q. So you call it "The." So far as you knew, you were the only baking soda deodorant; is that right?

A. That may have been part of the reason.

Q. What was another part of the reason?

A. I can't remember at this point the specific details that went into the decision to call it "The Baking Soda Deodorant."

Q. When you learned that Helene Curtis had a baking soda deodorant on the market, and that they had market tested it before you came on the market with your product, did you give consideration to changing the characterization, "The Baking Soda Deodorant"?

A. No.

Q. Did anyone else at Church & Dwight give consideration to that?

A. Not to my knowledge.

[459] Q. Apparently I misunderstood you, in what you mean by that.

Can you explain it a little bit further?

A. I think my concern upon joining Church & Dwight was utilizing the Arm & Hammer name.

Q. By "concern," you mean your objective in your work?

A. Yes, sir. I had to resolve in my mind that it was the right thing to do.

Q. For this specific product?

A. Or any product for that matter. I was familiar with the name. I didn't know what the name meant to consumers.

Q. You didn't expect that Church & Dwight was going to drop the name Arm & Hammer for baking soda, I take it?

A. No, I would never suggest that.

Q. But you did consider in your own mind whether or not it was wise to call the new baking soda deodorant an Arm & Hammer product, is that [460] correct?

A. Yes.

Q. Did you have discussions along that line with other people at Church & Dwight?

A. Yes, sir.

* * * * *

Excerpts from Deposition of REYNALD SWIFT

* * * * *

[6] Q. What products does Church & Dwight sell at this time?

A. Arm & Hammer Baking Soda, Arm & Hammer Washing Soda, Arm & Hammer Deodorant, and Arm & Hammer Oven Cleaner, and Arm & Hammer Laundry Detergent.

* * * * *

[33] Q. Will you tell me what this national sales meeting is that is referred to in that Exhibit 3, [34] Mr. Swift?

A. This is the agenda for the Arm & Hammer Baking Soda Deodorant section of the national sales meeting.

Q. Where was that meeting held?

A. Connecticut.

Q. In June of 1975?

A. Yes.

* * * * *

[53] Q. Did Lew Abney take it from there in 1974 in connection with the development of the product from that point on?

A. Yes, I think Lew came with us in October 1974, specifically hired to introduce deodorant.

* * * * *

[59] A. I don't believe so, just the knowledge that Helene Curtis had introduced or someone had seen Arm in Arm with Baking Soda Deodorant in the market.

Q. When did you first see a can of it?

A. If I found out on the 5th, probably no later than the 7th or 8th of May.

Q. How does that date of the 5th of May—and I presume we are talking about May, 1975?

A. Yes.

Q. How does that stick in your mind?

A. Because we are a company taking a product to market, which was a product called Arm & Hammer Baking Soda Deodorant, and all of a sudden we hear there is another product on the market called Arm in Arm with Baking Soda Deodorant. That is sort of a shocking piece of information to get as a company official.

Q. They were on the market before you—is that what you are saying—and you were shocked? Is that what you are saying?

A. Yes.

* * * * *

[72] Q. Wasn't the personal deodorant the first product that was actually specifically sold for personal use?

A. Yes.

* * * * *

[73] Q. Do you recall what Mr. Abney had to say at that June 1975 sales meeting with regard to the importance of AHPD to Church & Dwight as shown under II of that agenda?

A. Well, he was referring to—I believe once again, he would be obviously the source to get the clearest understanding of what he was saying at the time—

Q. I realize that, but I would just like your recollection of what was discussed at that meeting, Mr. Swift.

A. We discussed that this was the first truly toiletry item that we as a company were engaged in selling, and to that effect it marked the opening of a new category for us, not just deodorant but the whole—

Q. Toiletries line?

A. Toiletries, and, as you know, were [74] sitting on a toothpaste that was manufactured.

Q. That is the one that died, that you spoke of this morning?

A. Yes, and we had, for all intents and purposes, testing market, and it was just a business giving-out, if the deodorant were successful, it would give the next steps we took in the toiletries category that much greater chance for success.

[16] And what about the personal deodorant? That is the distinction I am trying to draw, the difference in the way you sell the deodorant as against the baking soda per se.

A. Consumers buy—A. C. Nielsen or what-have-you has precise numbers, but I believe the deodorant category breaks down to where 50 per cent of the volume goes through food stores, 35 per cent go through drugstores and about 15 per cent go through these mass merchandisers of which I speak.

Q. So there is a shift in how the deodorant is distributed as against the baking soda itself?

A. Oh, sure. Any product would have a different break in any category. It has different breakdowns of how they are sold through supermarkets, drugstores, mass merchandisers.

Q. Would the same brokers sell to, let us say, the drugstores as those that sell to the food stores or supermarkets?

A. Yes and no.

Q. Would you amplify that, please?

A. Yes, I will. Baking soda had been sold completely by food reps, let us call them, or food [77] brokers. They had been also selling baking soda to the drugstores as well.

Q. Albeit a small amount?

A. Albeit a small amount. It probably is somewhere between 10 and 12 percent.

Q. I thought you said 5.

A. 5 to 10 per cent. Correct me if I am wrong. But they have traditionally handled all classes of trade. In late 1974 or early 1975, we hired drug reps. The difference between a food rep and a drug rep is that the food rep concentrates primarily on food, though also sell drugs, and the drug rep concentrates primarily on drugs but also sells food.

And late in 1974, knowing that we had a lot of toiletry products in the works, deodorant, toothpaste, being two of them, we started setting up a national drug rep organization.

Q. Is a rep the same as a broker, as you use the terms?

A. Yes, interchangeable. They get remunerated the same 5 per cent for 4 per cent or 3, whatever you can negotiate with them. But we started, as I say, it was either late 1974 or early [78] 1975, and we started hiring drug reps to sell baking soda to the drugstores.

Q. Heretofore you never had that?

A. Heretofore we never had them because we were picking up or selling the drug trade through food brokers, but their strength is not against the drugstores, and our objective quite frankly was knowing we had these toiletry items coming along, our objective was to be in a position to have a national drug rep or drug broker organization by the time we were taking these products in to test market, which was at that time scheduled to be around the middle of 1975. So they had been on board end of 1974, early 1975, selling baking soda.

Q. You were lining them up?

A. Lining them up, giving them baking soda, letting them get to know our company, start trying to understand them and

they us, and also paying them because they were selling baking soda.

Q. So in effect you had a brand new sales force for the toiletries product?

A. With the exception of on the West Coast our region manager out there, Dix Miller, recommended that we stick with our food brokers, and that is what [79] we did so that when we took the deodorant to market, we had a food broker network handling that percentage of the country: I think there were six brokers involved.

Q. That was on the West Coast?

A. Right.

Q. But you had a brand new sales organization other than on the West Coast to handle the deodorant product?

A. Three or four months old.

Q. And I take it that is because of the different nature of the product, the deodorant versus—

A. It is not the product so much as the people you call on.

Q. But it is sold in a different way because it is a different product. That is all I am trying to ascertain. Is that a correct statement?

A. Oh, yes.

[87] Q. Let me interrupt you at this point, Mr. Swift. Who was the package designer in connection with the product?

A. A gentleman by the name of Ed Kozlowski. I hired Ed before Lew even got to Church & Dwight. I think he had the assignment to design the Arm & Hammer Deodorant package before July of 1974.

Q. That was his first job?

A. First job for Church & Dwight.

Q. And his first assignment to design the deodorant package?

A. Right, and if I can think of some of the objectives, we wanted to retain the family tradition. We wanted to use the Arm & Hammer logo.

Q. What do you mean when you say the Arm & Hammer logo?

A. The red circle with the arm in it.

Q. And the hammer?

[88] A. Yes, holding the hammer, and the words Arm & Hammer in the red circle. One of the things we wanted to look at was using the same color on our package as we have on the baking soda to maintain that family tradition and to capitalize on some of the benefits that are inherent in the Arm & Hammer package itself.

Q. You call that buff. Isn't it yellow?

A. No, it is more of a buff. If you put it next to something yellow, it is buff.

Mr. Berry: It depends on the eye of the beholder.

The Witness: We wanted it to be viewed as a cosmetic. We wanted it a rather personal product as opposed to an impersonal product.

Q. You mean the deodorant as against the baking soda product?

A. Yes, we wanted the feeling to be it is a cosmetic item, a toiletries product. . . .

[106] Q. When did you start national advertising?

A. I don't know the exact date. I will say November 10th.

[107] Q. 1975?

A. 1975, but that could be confirmed.

Q. Could it be around that time?

A. Yes.

[134] Q. You are referring to your product being the second product in the market, Helene Curtis being first?

A. If it were second.

Q. Helene Curtis was first, wasn't it?

A. Don't forget, this refers to a national expansion. All we knew at this time that Helene Curtis was only in test market.

Q. But they were marketed first ahead of yours?

A. In those markets, yes.

Q. You had not marketed any place at that time, had you, a deodorant?

A. No.

Q. The last two sentences in this paragraph under No. 1 states

"It will also be difficult to differentiate our brand in the mind of consumers—most people probably will assume that Arm in Arm is from Arm & Hammer (For example, we know that many Peak users think that Peak is made by Arm & Hammer)."

Were you aware that many Peak users thought that Peak was made by Arm & Hammer?

[135] A. Yes.

Q. Where did you get that information?

A. Well, Colgate, who make Peak, was already in selling Peak, first in test and then in retail distribution, and focus groups were held in those markets, and among both users of Peak and nonusers of Peak, and there was a great deal of confusion because of the product Peak being featured with baking soda, and a lot of people said it must be from Arm & Hammer.

Q. Who conducted those focus groups?

A. Those would have been conducted by Kelly Nason.

Q. Do you know when they were conducted?

A. No, because I was never responsible for toothpaste, but once again, that would be easy to find out.

Q. Are these tapes of those focus groups?

A. I would imagine they still exist.

[153] Q. Item 8 under those market assumptions states:

"There is universal awareness that Arm & Hammer makes baking soda and a positive image of Arm & Hammer as a company."

Is that the result of market studies that you made?

A. I would say that comes out of both the formal marketing research that we have discussed—for example, that attitude and usage study where we tried to quantify what people think about Arm & Hammer, what kind of image it connotes to them—and also the more informal way of getting input via focus groups.

Q. Did any of those studies ever reveal that any of these people in the focus groups or what-have-you thought that anybody other than Church & Dwight made baking soda?

A. The only time that—well, they don't [154] refer to Church & Dwight as the manufacturer of baking soda obviously. They refer to Arm & Hammer. If consumers were asked who makes baking soda, they would say Arm & Hammer, and if they were then further asked, "Do you know anyone else?" I am sure their answer would be "No, I don't."

Q. I think you mentioned Wyandotte and Diamond International. They don't sell any products to the consumer, do they?

A. No, I believe they are strictly industrial suppliers.

Q. So the sole supplier to the housewife or the farmer or who ever it may be who uses baking soda is Church & Dwight?

A. The housewife, yes. The farmer, no. He might have need for 100-pound bags.

[222] A. Right.

Q. At that time, in the early part up until the time of the lawsuit on May 16th, as I recall your testimony earlier, you had no product that was ready to be marketed at that time, did you?

Mr. Berry: I object to the question as being without foundation.

Q. You had no commercial product available early in May of 1975; isn't that right?

A. As I said, we did not have our warehouses full with product, no, but when you talk about in marketing having a product ready, it was about as ready as it could be to go to market.

Q. But you had not sold any yet?

A. As of—

Q. The date of the lawsuit, May 16, 1975.

A. No, I don't believe we had sold anything.

Excerpts from Deposition of MYRON S. WEINBERG.

[19] Q. Which of the products that are currently being sold under the Arm & Hammer trademark are made by Arm & Hammer?

A. Arm & Hammer Baking Soda, Arm & Hammer Laundry Detergent, Arm & Hammer Washing Soda. That is the list.

Q. And the products that are made and packed for you outside of your organization, what are those?

A. Arm & Hammer Deodorant, Arm & Hammer Oven Cleaner, that's it.

[21] A. Sodium bicarbonate has 200 applications in 14 key industries in the United States.

[51] Q. Have any of these products been marketed?

A. The deodorant.

Q. The other 140 products have not reached the market yet?

A. Yes, sir, one product reached the market, Arm & Hammer Baking Powder.

[79] Q. Is there any baking soda in the Arm & Hammer Oven Cleaner?

A. No, there is not.

Q. Is there a baking soda in the Arm & Hammer Laundry Detergent?

A. There is sodium bicarbonate in the Arm & Hammer Laundry Detergent.

Q. Which USP particle size do you use in the laundry detergent?

A. It is not a USP grade in the laundry detergent.

Q. Is that because it is between one of the grades of finer or coarser?

A. It is because the material was not intended for internal consumption and is used as is.

Q. When the borax was being marketed, was there [80] any baking soda included in with the borax?

Mr. Berry: I object to that question as I think perhaps it was inadvertent, but as it is expressed, it is without foundation because the Arm & Hammer Borax product is still being sold.

Mr. Ryan: It was without design, and I appreciate being corrected.

Q. Is there any baking soda included in the borax marketed by Church & Dwight?

A. No.

Q. It may be redundant, but is there any bicarbonate of soda included with the washing soda?

A. No.

[82] Q. One of the several uses that it refers to, production page P-10524, is used as a disinfectant. And I believe that there has been testimony to the effect that Church & Dwight at one time had a disinfectant. Are you familiar with that product?

Mr. Berry: Where is the reference?

A. The document refers to its inclusion in disinfectants, not its use as a disinfectant. Yes, I am familiar with the product.

Q. Was that developed, the disinfectant product, while you were at Foster D. Snell?

A. Yes, it was.

[83] Q. Was it one of the products that Foster D. Snell worked on, one of the 140 you mentioned?

A. Foster D. Snell did work on the project.

Q. Just for my information, could you give me a description of what that product actually was, as it is no longer in existence?

A. It was an aerosolized disinfectant deodorizer.

Q. Did it contain baking soda?

A. No, it did not.

[136] Q. Doctor, do you know if any effort to promote baking soda as an underarm deodorant of the same magnitude as the promotion of it for use in pools went on in Church & Dwight after you joined Church & Dwight?

A. I know of no such effort.

Q. In view of its, it being baking soda's, long and apparently well known use for that purpose, do you know if there is any reason why they didn't just make a promotion of such a scale as the pool promotion for the baking soda directly?

A. In its current form the product, Arm & Hammer Baking Soda, is not convenient for use as an underarm deodorant.

Q. What causes the relative lack of convenience?

A. The difficulty in taking a handful of powder and throwing it into your armpit.

Q. Is there a common method of application to dust powder on the person of someone?

A. Mr. Ryan, you are going to have to translate "common", "method of application", "dust" and "someone". People do dust body powder on their body. [137] Very few people—and I have no personal knowledge other than what I have read of how people do things—very few people dust powder into the axilla since it requires that you stand on your head.

Q. Without standing on your head, is it possible to do this dusting by way of an applicator pad or cotton ball?

A. I would assume so with some powders.

Q. Would that method of application be considered at least by Church & Dwight an inconvenience so that a promotion would be—

A. That method of application is not applicable to Arm & Hammer Baking Soda, which as I indicated earlier, is No. 1 grade USP sodium bicarbonate.

Q. What is it about the No. 1 grade USP sodium bicarbonate that would make it inapplicable to such a method?

A. It is relatively crystalline and would not adhere to a puff or cotton ball or piece of cloth so that you could dip the cloth into a vessel, pick up baking soda, and then pat it on your armpit. The crystalline nature of baking soda prevents it adhering to cloth type surface.

Q. Is it possible to mill or prepare sodium [138] bicarbonate that it would adhere without the use of some carrier?

A. Not very well.

[170] Q. Would you happen to know what the word Can Man there mean?

A. The company developed a test product which was test marketed, which was an aerosol orthodichlorobenzene derivative, which was intended to be sprayed on garbage cans for the purpose of deodorizing garbage cans and reducing flies and maggot development around garbage cans. The product was called Can Man.

Q. Was that the same disinfectant product that you mentioned in your testimony yesterday?

A. The only relationship between the two products is they were both in cans and both aerosols. They neither had the same formula, they were not generated as concepts at the same time, nor did they have any appropriate parallel uses.

Excerpts from Deposition of JAN ZWIREN

[136] I remember that Dennis French and Tom Shortlidge were in favor of the name "Fundamental" because they had created it. I remember stating to them that the brand name, whichever was chosen, should not live and die on the initial

EXCERPT FROM ABNEY
DEPOSITION EXHIBIT 66

[Letterhead of Behavioral Analysis, Inc./79 North Broadway/
White Plains, New York, 10603/Area Code 914-428-4310
Marketing Research]

November 21, 1974

Mr. Lew Abney
Church & Dwight Co., Inc.
Two Pennsylvania Plaza
New York, New York 10001

Dear Lew:

Following our discussion, let me quickly put into writing a proposal for the name test.

At issue is the question of Arm & Hammer's transferability to underarm products or any personal care products for that matter. So far, our product line has consisted of non-personal care products. Baking Soda, to be sure, has minor use in tooth-brushing, indigestion relief and bathing. By and large, however, our products have not been in the personal care area.

It may be that the basic Arm & Hammer virtues of purity, safety and reliability will transfer to Deodorant. It is equally possible, however, that what will transfer is oven cleaning, de-